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What Lou Gerstner could teach Bill Clinton

The Washington Monthly

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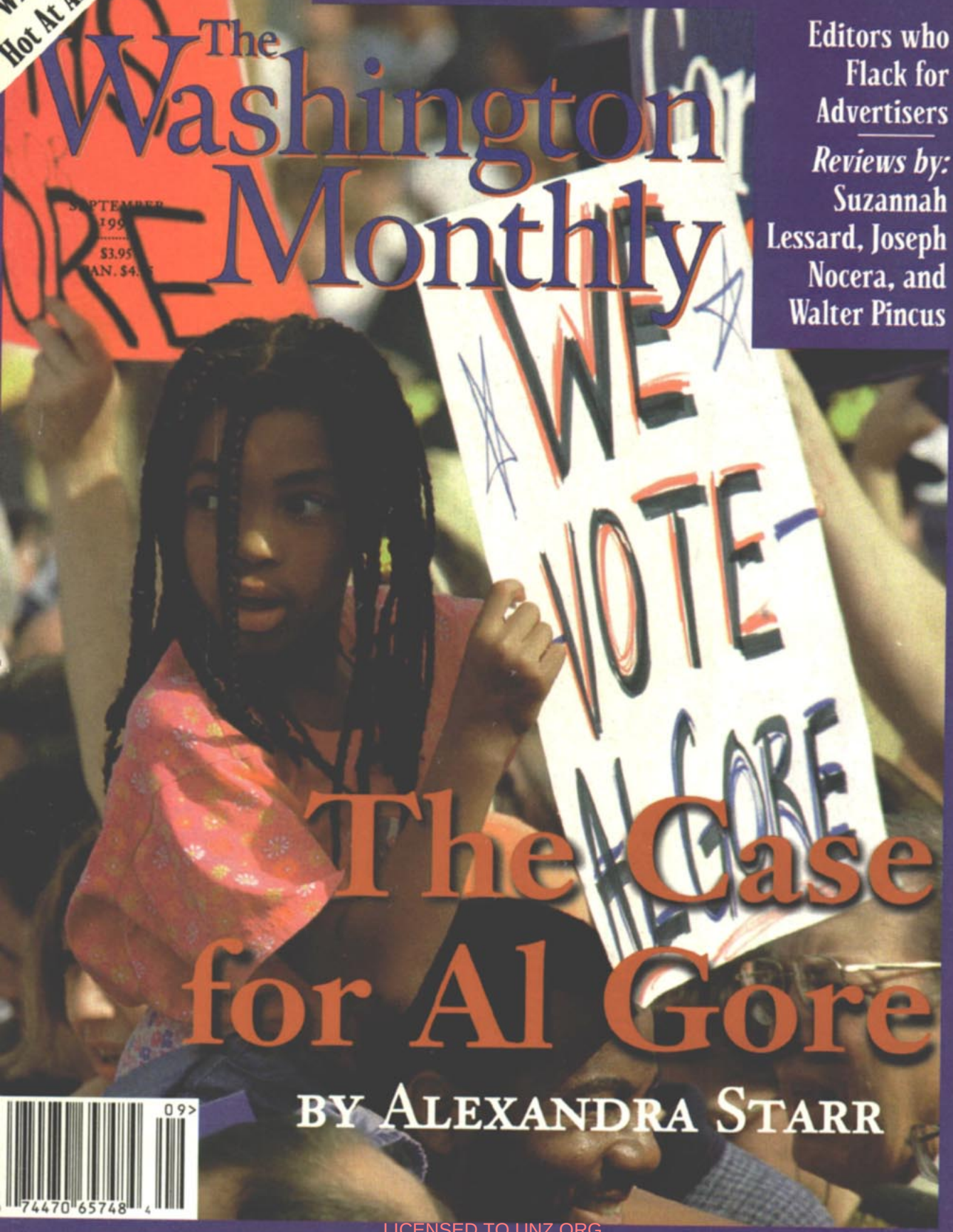

The Case for Al Gore

BY ALEXANDRA STARR

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Letters

Cleaning House

In last month's "Tilting At Windmills," Charles Peters bemoans the "deadwood" in the Civil Service, which the Office of Personnel Management figured was 3.7 percent (but with an average tenure of 14 years). Even more, he laments that the "minimum-acceptable performers" are more numerous and more demoralizing.

It's also worth considering what happens to those who want to do a crackerjack job. About 25 years ago, I was working as a resident physician-in-training at a VA hospital. I remember one quiet weekend afternoon when a bag of rubbish in a utility room spilled open. The unit secretary called the janitorial service and asked for someone to come clean it up. Then I joked about it with her that it probably wouldn't be touched until time came to take the trash out next Monday. To our pleasant surprise, a janitor came promptly, and picked up, swept up, and mopped up the mess. The secretary was so impressed, she asked the man if she could put in a good word about him to his supervisor. He answered, "Please don't!"

I've puzzled about why ever since. I'm sure the janitor knew what was good for his career, and keeping his head down and not standing out was part of it. But why would an outstandingly good performance pose a risk of getting him in hot water? Would it make his supervisor look bad because everyone else in the department wasn't doing so well? Somehow, I have the idea that this is a common, if not typical, attitude in the civil service and perhaps in any "mature" bureaucracy. Excellence makes waves; mediocrity gets you to retirement. Whoever finds a cure for this attitude deserves to be the first Charles Peters Professor of Bureaucratic Studies at a good business school. Maybe Warren Buffet will endow the chair at Mr. Peters' alma mater.

DAVID GRANT
San Antonio, Texas

Bad IDEA

I'd like to add a few words to Robert Worth's excellent article, "The Scandal of Special Education" (June 1999). The Individuals with Disabilities Education Act is a seriously flawed piece of legislation. Congress must define the word "education" and state what competencies and skills educated adults should be expected to have.

Some handicapped children are in school to prevent regression and other children to learn self-help skills. If I stay at home to toilet train my child, I am a mother. If I send my child to school to be toilet trained, it is labeled and funded as education. Keep the service but don't fund it as education.

If behavior problems are disability-related, students are protected by the stay-put rule issued by the Supreme Court. This means that suspension cannot be for more than 10 days a year. Unless the Court is petitioned and grants a restraining order, the pupil is returned. He can have abused other children, hit a teacher, and even brought a gun into the classroom. This is still another reason why Congress should change the law.

JANE GOLDBLATT
East Northport, N.Y.

Still a Rose

I am delighted to inform you that the florists have not stamped out all the scented roses ("Tilting at Windmills," July/August 1999). While the professional growers are looking for "shelf life," home gardeners still aspire to fill their backyards with the sweet scent of summer. As proof that the scented rose is still alive, well, and living in California, I would refer you to Roses of Yesterday and Today, a grower in Watsonville, Calif., that is famous among gardeners for providing incredible antique roses. The company, founded in the 1930s, is now run by the third generation of the Stemler family. (However, old rose growers still think of it as Tillotson's, in memory of Will Tillotson, the owner from 1948 to 1957.) If you're interested, they recommend these very fragrant roses: Just Joey, Reine de Violettes, Rose de Rescht, Sombreuil, Zepherine Drouhin, and Cornelia.

Lots of other growers still cater to gardeners who want to fill their evening with the overpowering scent of roses in full bloom. So don't worry about the future generations being content with on-line photographs of roses. And by the way—tasty tomatoes are coming back, too.

I'm afraid I can't do much to allay your fears that scientists will breed dull people. However, I would like to point out that there's a huge movement afoot to find and preserve vintage plants and seeds. Perhaps you could help the next generation along by having some of your tongue scrapings preserved for posterity.

ELIZABETH AUSTIN
Oak Park, Ill.

Loyal Enough

Of all the critiques I've come across of Stephanopoulos' book, *All Too Human*, yours is the first that's made me want to buy and read the book ("History vs. Loyalty," by James Fallows, June 1999).

First, any person who takes a public office (elected or appointed) serves the public first. He/she is paid by American citizens' tax dollars, not by the president. Your idea of loyalty is as twisted as that of the Democratic and Republican parties, which is the precise reason why voter turnout decreases with each election.

Second, Stephanopoulos gave his assessment to the public, the most appropriate authority. Whether one considers his book immature, Freudian, self-motivated, or disloyal to the President is irrelevant. The point is he exercised his right to free speech/free press, voicing the truth as he saw it to the public.

Third, there has been no president in my lifetime, nor years prior, that has enraged the public (including lifelong Democrats) more than President Clinton. His loyalty to Americans walks a tightrope, with many falls to the floor.

MAUREEN J. EHENSTROM
Winchendom, Mass.

Don't Tax Us

Just a quick comment about an item in your "Tilting" section in the June *Monthly*. The provision in the president's budget proposal was to tax

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investment income on all 501 (c) (6) organizations. Some of those organizations are, indeed, trade associations ... which is the point of your item. On the other hand, many professional association such as ours are also (c) (6) organizations. Our (modest) investment income does allow us to extend our efforts in professional education beyond what might otherwise be possible strictly based upon member dues, and thus we also found fault with the president's proposal.

ROBERT GRAHAM
EXECUTIVE VICE PRESIDENT OF AMERICAN ACADEMY OF FAMILY PHYSICIANS
Kansas City, Mo.

Just ask Bill

Sorry, I don't see any contradiction between the awards for the *Good Housekeeping* article on colon cancer and to *Cigar Aficionado*, unless there's some way to smoke cigars that I don't know about.

LEONARD MYERS
via e-mail

False Bard

You are so profoundly right about so many public issues that it is reassuring now and then to see you stumble, as I believe you did in the matter of Shakespeare's identity ("Tilting at Windmills", May 1999).

The Oxfordian view that Shakespeare was and had to be a highly educated, widely traveled, stage-struck member of the Elizabethan aristocracy, writing perforce under a pseudonym, has nothing to do with the alleged class-conscious snobbery of its advocates but everything to do with three underlying circumstances:

- The astonishing absence of documentable evidence that the grain merchant/real estate promoter from Stratford ever went to school, owned a book, wrote a line, or was known to his contemporaries as a poet/playwright. All of the biographies of the Stratfordian—including the one you cite—are no more than tissues of hopeful inference and generous conjecture. Despite all the scholarly digging, the Stratfordian remains to this day, as Mark Twain described him in 1909, " ... a Brontosaur: nine bones and six hundred barrels of plaster of Paris."
- The countless, stunning parallels between the life of Edward de Vere, 17th Earl of Oxford, and the events, situations, and characters in the plays—together with the transparent clues the author scattered throughout his works to help make sure that others would, as Hamlet implores Horatio in his dying words, "Report me and my cause aright/To the unsatisfied."
- The culture and politics of Elizabethan England which made it unthinkable that an intimate of the Court should become known to the general public as the author of popular plays that poked fun at courtly foibles, lampooned grandees, hinted scandal, and even risked overtones of sedition in portraying the crimes and misadventures of their kingly characters.

J. ALLAN HOVEY
Green Spring, W. Va.

Losing Grants

"Styron's Chance" (May 1999) perfectly encapsulates the realities faced by students financing a higher education: small grants, high debt loads, and skyrocketing tuition. Interestingly, the article fails to explore the diminishing value of the GI Bill. Although Pell grants and HOPE scholarships don't match up to the GI Bill of Styron's day, neither does the GI Bill of today. A four-year commitment to the military nets thirty-six months of payments, currently $525 per month (minus the $1200 a soldier must pay to enroll in the program). Every bit helps, and this money definitely helps with rent, food, and books. As a recent University of California graduate, however, I can attest to the modest contribution this makes to tuition payments.

The problem is that the GI Bill, modest as it is, displaces *grants* instead of loans. For example, by reporting the GI Bill on financial aid applications I suffered a reduction in both university and Pell grants, with no corresponding reduction in loans. In my third year I refused the Bill and my grants increased proportionally to the lost payments made under the bill.

BRIAN T. HOLMEN
Williamsburg, Va.

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Tilting at Windmills

BY CHARLES PETERS

Marxist Medicine • Bankrupt in Bushland • Permanent Temps • Two Sleepy Pilots • Litigious Jurists

THE TEXAS HOMESTEAD Exemption tells you a lot about George W. Bush. He's for it. And it isn't good. It makes it possible for bankrupts to cheat their creditors by putting all their money into a house. Even if it's worth millions. Most states have a limit on the amount bankrupts can squirrel away in the form of a luxury home. But not Texas. Indeed, nowhere in Bushland. The only other big state that offers millionaires this escape hatch is Florida, where George W.'s brother Jeb occupies the state house.

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FEDERAL JUDGES THOUGHT they were being underpaid. What did they do? Exactly what most Americans do when they have a grievance. They sued.

Where did they sue? In federal court. Hmmm. Doesn't that raise just a tiny bit of a conflict of interest issue? Well, if it does, it didn't bother U.S. District Judge John Garrett Penn who ruled resoundingly this summer in favor of his brethren on the bench: "This Court concludes that history, precedent, and the law can lead to only one result"—pay raises for us all.

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THE WASHINGTON TIMES IS A very conservative paper that seldom acknowledges even the possibility of something good resulting from a federal expenditure. So I was delighted by a story by Kristan Trugman of the *Times* that attributes a rise in drunken driving arrests to an increase in federal funding. It seems that an increase in federal funds has permitted police departments to provide overtime pay for officers conducting roadblocks and other procedures designed to catch drunken drivers. The federal funds for this purpose rose from $165 million in 1997 to $226 million in 1998. The result was that the number of drunken driving arrests jumped from 14,890 in 1997 to 17,572 in 1998. I hope the editors of the *Times* and other conservatives will ponder those facts. Automatic opposition to federal expenditures really doesn't make much sense.

The Texas Homestead Exemption tells you a lot about George W. He's for it. And it isn't good.

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IF YOU, LIKE US, favor a national health care plan similar to the Canadian system, you will be pleased by the concluding paragraph of a recent article about HMOs in the *Journal of the American Medical Association*. After declaring the "experiment with market medicine ... a failure," it continues:

"The drive for profit is compromising the quality of care, the number of uninsured persons is increasing, those with insurance are increasingly dissatisfied, bureaucracy is proliferating, and costs are again rapidly escalating. We believe national health insurance deserves a second look."

Long ago—in fact in a 1973 article by James Fallows—this magazine's position was proclaimed in the headline "Better Red Than Dead." But we never expected that the AMA would agree that the market is not good medicine.

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IF YOU HAVE RESERVATIONS ON Delta Airlines, don't count on their being honored. In the first three months of this year, Delta bumped 8,144 passengers. The next worst airline bumped only 1,938.

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SPEAKING OF THE AIRlines, did you see the Associated Press report about sleeping on American Airlines? We're not talking about passengers peacefully dozing. We're talking about *pilots*. "When I woke up, I looked over at the captain. He was sound asleep," one copilot wrote in a report to his union. The next time you're flying at night say a silent prayer for the automatic pilot. He may be your only hope.

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ANOTHER FLAW IN OUR SYSTEM of health care was revealed in a recent report by June Brown, the Inspector General of HHS. It finds "major deficiencies" in our current system of hospital oversight. These deficiencies are not just matters of careless paperwork. They involve negligence that results in injury or death for patients. In just one state—New York—in just one year—1984—hospital negligence was found by Harvard researchers to have caused 6,895 deaths and 27,179 injuries.

Eighty percent of U.S. hospi-

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tals are overseen by the Joint Commission on the Accreditation of Healthcare Organizations (JCAHO). This group is funded by the hospitals and is thus unlikely to be excessively zealous in seeking out facts that could embarrass the folks who put up the money. Indeed, the HHS report finds that the JCAHO surveys, which are conducted every three years, are "unlikely to detect substandard patterns of care or individual practitioners with questionable skills." "They are foxes guarding the chicken coop," Janet Bass of the Federation of Nurses and Health Professionals observed to *The Washington Post.*

Hospitals are informed in advance of visits by most JCAHO surveyors and given plenty of time to clean up their act for the inspection. Even the five percent of surveys that JCAHO classifies as "unannounced" involve advance notice of 24 to 48 hours.

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YOU'VE PROBABLY NEVER HEARD of Neelam Tiruchelvam. But he was a good man. In Sri Lanka, he was the leading force for reason in the bitter ethnic conflict between the Tamil and Sinhalese. "He represented," said one admirer, "the essence of peace, sanity, good will—all the abiding human values." He was assassinated. There should be a special circle in hell reserved for those who kill peacemakers. Joining them should be all the zealots who torpedo efforts to peacefully resolve religious and ethnic conflict in the Middle East, Northern Ireland, Rwanda, and the rest of the world.

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I ADMIRE SUZANNAH LESSARD'S review of Blanche Wiesen Cooke's second volume of her biography of Eleanor Roosevelt, especially its insight into the relationship between Eleanor's lesbianism and her husband's philandering. My only regret is that neither Lessard nor Cooke seems to understand the significance of Lorena Hickock's bluntly candid reports on how the WPA was doing in the field. This gave the Roosevelts essential information for governing. Few other White Houses have understood how important it is to know what programs are really accomplishing and how they could be made better. Hickock was not just Eleanor Roosevelt's lover. She was a great pioneer in the art of making government work.

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WHEN JEFFREY TOOBIN SUGGESTED in *The New Yorker* this summer that Bill Clinton might run for the senate from Arkansas in 2002, it was big news to much of the media. Which just goes to show why they shouldn't miss a single issue of *The Washington Monthly.* Here's what we said in April 1997: "If Bill Clinton can't succeed himself, why does he continue to behave like a politician running for office? My guess is that it is because he *does* plan to run again. Not for president, but for the Senate. In 2002 against the Republican Tim Hutchinson, who last fall won the Arkansas seat held for many years by David Pryor, a Democrat who retired."

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THERE ARE, IN FACT, MANY areas in which the federal government needs to spend more money. One is education. *The Washington Post* recently reported as an encouraging trend: The percentage of children aged three to four enrolled in preschool programs rose from 45 to 48 percent. That still means that 52 percent of children aren't getting this experience. Since there is so much research showing how important the early years are to the development of a child's mind, that truly is a national disgrace.

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"MORE THAN ONE-FOURTH OF the D.C. police officers who are supposed to be on the street spend more than half of their shift killing time in D.C. Superior Court," reports Jim Keary of *The Washington Times.* Like many truths about local government, this is truer in the District but still true in many other jurisdictions.

"They sleep, they eat, but mostly they hang around waiting to testify at a trial that almost never comes," Keary continues. "And taxpayers get an $8.4 million tab for the officers' services."

This is all due to chaotic court schedules that are the result of the effort of clerks to serve the convenience of lawyers and judges, with considerably less regard for jurors, justice, and the taxpayer.

I applaud Jim Keary for this article. I've been trying to get someone here to write it for years. The problem is that good writers, whether liberal or conservative, tend to look at criminal justice in terms of its most dramatic manifestation—the death penalty. Next comes police brutality. Almost no one writes about the main problem, which is incredible inefficiency and incompetence.

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IF YOUR BROKER GOES BROKE, what happens to the money you have invested with him? Supposedly if he's reputable it's insured by the Securities Investor Protection Corp., a non-profit corporation funded by brokers. But don't assume the SIPC is like the FDIC, which insures bank deposits. The FDIC is a federal agency, the SIPC is not. If your bank fails, you're sure of getting back all your deposit up to $100,000. The SIPC also promises to repay cash up to $100,000 but it is not federally guaranteed. The SIPC further promises to repay the value of stocks and bonds up to $500,000. But that doesn't insure you against loss in the value of your stocks and bonds while they're in the broker's hands. If their market value declines 50 percent, you only get the remaining 50 percent, not what you originally paid. And are you

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sure to get that? The SIPC's assets at the end of last year were a bit more than $1 billion. Could that withstand a default by just one financial giant? Say a Merrill Lynch or Fidelity? By the way, while SIPC covers Fidelity's brokerage accounts, it does not even purport to cover Fidelity's roughly $800 billion in mutual funds.

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DID BOB BENNETT GIVE BOB Woodward information about private conversations with the president, which appeared in Woodward's latest book, *Shadow*? That could violate attorney-client privilege. It's hard to see who else could have been the source. At one point, Woodward describes a walk Clinton and Bennett took on the White House grounds in which they discussed the president's sexual behavior and says "Perhaps the intimacy of the walk ... led to the candid discussion." Does that sound like anyone else was with them?

There should be a special circle in hell reserved for those who kill peacemakers.

Bennett is not the first Washington lawyer to play the big shot insider by revealing client confidences. In his biography of the late Edward Bennett Williams, Evan Thomas notes: "Williams was sometimes indiscreet, using his clients' foibles and misadventures as fodder for story-telling." Williams, in fact, was suspected of having been a Woodward source for *All the President's Men*. During the period 1972-73 covered by the book, Williams was both an attorney for *The Washington Post* and a close pal of Ben Bradlee's. Plus, through his role as an attorney for parties involved in the Watergate scandal, he was aware of information that could and did appear in *All the President's Men*.

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"I DON'T REMEMBER DEBATES," says George W. Bush. He's talking about 1968, the year he graduated from Yale. He must be the only person living in New Haven that year who does not. The campus was alive with debate about Vietnam, about whether and how to escape the draft or go to jail, about whether to work for Bobby or Gene. The year began with the Tet offensive in Vietnam, then came McCarthy's victory over LBJ in New Hampshire, followed by Robert Kennedy's entrance into the presidential race and LBJ's withdrawal. All of those events involved the Vietnam issue. Bush is either lying or else he was brain dead during a critical period of the history of his generation and of his country.

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REMEMBER HOW Bill Clinton boasted about his program to put 100,000 new police officers on the street? He was so eloquent that in your mind's eye you actually saw the cops walking their beats, protecting little children and corner stores from criminals. But the fact is that even by September 30, 2000, the administration will be able to deploy only 59,765 new officers, according to a report by Michael Bromwich, the Justice Department's Inspector General.

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THE NUMBER OF TEMPS HAS almost tripled since 1990. Many of these workers are not really temporary—in fact most have been in their jobs for more than six months—but they are called that so their bosses can avoid providing health insurance, sick leave, and other benefits. Reputable companies like IBM are enthusiastic participants in this racket. Karen Ford just celebrated her sixth anniversary at IBM's Chicago office. She works a 40-hour week as a receptionist, but according to *The Chicago Tribune*'s Merrill Goozner, to whom I'm indebted for this item, "The company does not pay for her health insurance and provides no retirement benefits." She is paid by Manpower, Inc. which has a contract to provide temps to IBM and many other companies.

Some folks are wising up to this con. In May, reports Goozner, "a panel of the 9th Circuit Court of Appeals in San Francisco ruled that Microsoft's permatemps were in fact common-law employees of Microsoft and not employees of the temporary agency that cut their paychecks. That would make them eligible for all regular Microsoft benefits." Bill Gates, of course, has appealed the ruling.

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CELL PHONERS ARE FINED $100 plus $45 in court costs if they call while driving in Brooklyn, Ohio. "Things have gotten a little out of hand, don't you think?" the Cleveland suburb's Mayor John Coyne told Dirk Johnson of *The New York Times*. "Pull off the road if you want to use an electric shaver, if you want to put on lipstick, if you want to use a cell phone. But if you're driving, for goodness' sakes, then keep two hands on the wheel."

For this alone Mayor Coyne has immediately been enshrined in *The Washington Monthly*'s Hall of Fame. But he is also noteworthy for several other reasons: In 1966, Brooklyn was the first town in the country to require seat belts. Was Coyne around way back then? You bet! He's been mayor for more than 50 years.

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BILL MAULDIN, THE BRILLIANT World War II cartoonist, once drew a beautiful mountain vista with a sign posted in front that read "For Officers Only." The lot of the enlisted man is somewhat improved today but the brass still saves the best for itself. Recently, the Navy was caught secretly diverting $5.6 million from its readiness budget to pay for

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improvements on three Admirals' residences, bringing to $10.4 million the total amount it had spent in upgrading the Admirals' homes in the last seven years. That's $3.4 million per house just on repairs, points out Rowan Scarborough of *The Washington Times*, "enough to buy a palatial residence in the Washington area's most exclusive neighborhoods."

The money was not taken from the Navy's housing budget, where it might have revealed an embarrassing contrast between expenditures on housing for officers and enlisted men. Instead it was siphoned from the Operation and Maintenance budget which is supposed to pay not for palatial residences but for such essentials as fuel and spare parts to keep our military in fighting shape.

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THE REPUBLICAN VIEW OF THE census may change soon. Traditionally, Republicans have voted against attempts to make sure everyone is counted in the census. Their view seems to be that the more people, the more Democrats there are likely to be. But once they absorb the news that George W. Bush is way ahead of Gore in polls of Hispanic voters, I predict that the GOP will quickly become the party of inclusion. I can just see Trent Lott solemnly intoning, "We can't deny these splendid fellows the opportunity to be counted."

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BACK TO THOSE CELL PHONES for a minute. Their manufacturers say, according to *The New York Times*, "the issue should be the driver, not the telephone." Doesn't that remind you of the National Rifle Association and the firearms industry, who have long contended the problem isn't the guns but the people using them? The answer is, of course, that if people don't have the gun or the phone, however much they might like to fire or dial, they can't.

The ultimate answer to the problem is to prohibit the use of cell phones in moving cars and provide every car with a speakerphone that can only reach emergency frequencies, so that drivers can call for police and medical assistance or a tow truck but not gossip, argue, or otherwise distract themselves.

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A GROWING PROBLEM IN THE insurance business is the use of fraudulent medical reports by supposedly respectable companies like State Farm. In order to protect themselves from inflated claims, the companies have taken to seeking "independent" medical evaluations from groups whose dedication to low-balling sometimes, or even often, exceeds honest bounds. In one case a federal judge characterized the medical review company selected by State Farm as "a completely bogus operation," according to Edward Walsh of *The Washington Post*.

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THE STOCK MARKET ANALYSTS who appear regularly on CNBC and the other financial news shows have become the nation's new all-purpose gurus. The day the giant Florida verdict against the tobacco companies was announced, did reporters consult lawyers about the decision? Of course not. "Verdict against Big Tobacco will not hold up, analysts say," is the headline *The Washington Times* put on a story that ran not in the paper's business section but in the front of the paper as part of the national news. The first two experts quoted were Jonathan Fell of Merrill Lynch and David Adelman of Morgan Stanley Dean Witter.

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"TOOTHLESS TIGER" IS WHAT I suspected the National Gambling Impact Study Commission to be. But it did somewhat better, first recommending a tax on state lotteries and casinos to finance efforts to deal with gambling addiction and then repudiating misleading advertising for state lotteries. The former is surely right. Those who profit from gambling should pay for the treatment of the addiction they encourage. The latter, as regular readers know, has been one of the outrages that drives me 'round the bend. How could the people of this country come to accept the immorality of a state's luring people, especially the poor, into gambling with ads that disgracefully exaggerate the possibility of winning!

There are other disturbing aspects about the fantastic growth of the gambling industry in recent years. One is that we seem to be assuaging our guilt about our treatment of Native Americans by letting them corrupt the rest of us with their casinos. There's something bizarre about the $2.5 billion annual take of the Mashantucket Pequot tribe's casino in Connecticut. The tribe has just 500 members.

A fact that could derail the gambling industry was noted by commission member Richard Leone in a recent appearance on Ben Wattenberg's television show on PBS. Gambling debts are legally unenforceable in the great majority of states, including New York and California. So tell your friends who have made fools of themselves in Atlantic City that they may not have to pay up after all. Just check your state law and cross your fingers that Donald Trump doesn't employ hit men.

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ONE OF THE CLASSIC DEVICES of the lazy reporter who needs an average man quote for a story about life in the city is the cab driver interview. But as we all know, Manhattan has become so upscale that a cup of tea can cost $3 and a Central Park West apartment can go for $7.5 million. Where does a reporter go now for his average man interview? For *The Washington Post*'s Michael Powell the answer was simple: the limousine driver.

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What Lou Gerstner Could Teach Bill Clinton

Lessons for government from IBM's dramatic turnaround

BY ROBERT WORTH

IF STEPHEN KING WERE TO WRITE A NOVEL about the federal government, he could scarcely do any better than the tome that landed on President Clinton's desk on June 15. The Report of the President's Foreign Intelligence Advisory Board was destined to be grim reading: Its authors were asked to look into security lapses at the Energy Department following last winter's revelation that China had stolen high-level nuclear secrets. But what former Senator Warren Rudman and his fellow panelists saw was clearly beyond their worst fears. "Never have the members of the Special Investigative Panel witnessed a bureaucratic culture so thoroughly saturated with cynicism and disregard for authority," they write. The DOE hadn't simply let a few clever Chinese spies make off with classified papers. It was virtually *inviting* people to pilfer the material and know-how to make nuclear weapons. Although its scientists are among the best in the world, the Department's bureaucrats deliberately "defeat security reform initiatives by waiting them out." A honeycomb of bureaucracy has "diffused responsibility to the point where scores claim it, no one has enough to make a difference, and all fight for more." Furthermore, these problems "have been cited for immediate attention and resolution ... over and over ... ad nauseam." The authors conclude that the Department is simply incapable of maintaining nuclear security, and they propose that its weapons research and stockpile management functions be turned over to a new semi-autonomous subagency within the Department, or to a new independent agency.

You might suppose that any self-respecting corporate executive, viewing this catastrophe from the comfort of the breakfast table, would declare that only government could screw up so badly. Yet at least one former high-level IBM official saw a certain parallel between his former employer and the DOE. After all, it was only six years ago that IBM, once the world's premier computer company, was teetering on the brink of collapse. Between 1991 and 1993 the company had lost $15.4 billion, and sales of mainframes, its old standby, had dropped by half. These failures were not simply the reflection of a changing marketplace. Like the Energy Department, Big Blue was burdened with a vast, redundant bureaucracy that was virtually guaranteed lifetime employment and resisted change with all its might. It too had a culture of arrogance rooted in its record of scientific superiority. And like Energy, IBM had virtually given away some of its best technical assets to its competition—in this case Microsoft.

Finally, IBM too had been diagnosed ad nauseam, and many demands for reform had come and gone. Many computer industry observers figured it was curtains for Big Blue, and arrangements were being made to subdivide it (again, like the Energy Deparment). Even Lou Gerstner, the CEO who later came on board and ultimately turned the company around, was close to despair. "It just looked like it was going into a death spiral," he said later. "I wasn't convinced it was solvable."

Six years later, IBM is utterly transformed. The civil wars that crippled the company are over, and the arrogance that blinded it is gone. The covers of IBM's annual reports accurately reflect its internal change: Blue-suited men walking through a maze of computers have been replaced by smart-looking young women in bluejeans. Most importantly, the changes

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have paid off. In 1998 IBM had record revenues of $81.7 billion, and a profit of $6.3 billion. Its market capitalization has grown roughly tenfold since Gerstner took over, and Wall Street analysts expect the company's stock (and profits) to grow by at least 20 percent over the next year.

Time to start running the government like a business? Well, no. We've all grown tired of CEOs who think they can hop over for a stint in government and "kill that snake," as Ross Perot used to say. But the IBM story isn't your typical corporate fable. Lou Gerstner didn't just cut costs to make shareholders smile, or mouth the latest corporate slogans. His successful turnaround has already become the stuff of legend. Yet no one has bothered to point out that the parallels between Big Blue's problems and those of the federal government are uncanny. The excitement IBM's revival has stirred says a lot about the passion we all seem to feel for business stories at the end of the millennium. It also says a lot about what government might achieve if we could bring the same passion to its renewal.

Big Brothers

It's no accident that IBM and the federal government have had similar illnesses, because they grew up together. Thomas J. Watson, a former traveling salesman of organs and sewing machines, started his computing career with a punch-card accounting system that had been developed for the 1890 census. He changed his company's name to International Business Machines in 1924, and as the federal bureaucracy grew during the Depression, IBM grew with it. The Social Security Act of 1935 and the Wages-Hours Act of 1937 required companies to log the hours worked, wages paid, and overtime earned for America's 26 million workers. This was big business for a maker of tabulating machines and time clocks. IBM also mimicked the government's paternalistic solicitude: The company was among the first to provide group life insurance (1934), survivor benefits (1935), and paid vacations (1936), writes Robert Slater in *Saving Big Blue*. After the war, IBM's virtual lock on the nascent technology of computing made the company fantastically profitable.

At the same time, IBM began to develop the distinctive culture that would lead to its rise and ultimate fall. Tom Watson and his son, Tom Jr., were perfectionists who saw the family business as a sacred trust and ran it like benevolent dictators. Employees were expected to devote themselves utterly to the company—and to its founder. There were company songs, with lyrics like this: *Our voices swell in admiration, of T.J. Watson proudly sing; He'll ever be our inspiration, to him our voices loudly ring.*

In return for such devotion, employees were given all kinds of perks. "It was the kind of place where they might call you in on Christmas day," recalls one former IBMer, "but then they'd send you on a paid vacation somewhere, or if your wife was sick they'd send flowers ... they took care of you." Once you joined the company it was expected that you'd be there for life—unless you violated its rules of behavior, which were enforced as rigorously as its code of excellence. IBM men didn't just wear the company uniform of dark suits, dark ties, starched collars and fedoras. They were to be moral exemplars too. "In the old days, you could be fired for serving liquor to another IBMer in your own home," recalls one employee. Divorce was frowned upon.

As the company's profits and prestige shot up through the 1950s and '60s, so did its bureaucracy. The turning point, according to Robert Slater, came in the mid-'60s, with the development of the System 360. To manufacture these computers, the company had to build five new factories, and to man them they hired armies of new people. IBM's population rose from 87,000 in 1963 to 198,000 just three years later. The company continued to grow for the next

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two decades, though not as quickly, reaching an all-time high of 407,000 in 1986.

By that time it had become clear to outsiders that IBM was an elephant in an industry that required a hummingbird's agility. But IBM's arrogance, built up over decades, prevented it from moving beyond the mainframe computers that had been its mainstay for so long. If IBM had seen the potential of personal computer software, it could have bought Bill Gates out when he was still a pimply post-adolescent. Instead, it gave him a virtual monopoly on its operating system and helped to create a billionaire. Big Blue might have made a similar profit off relational databases, but it waved them away, and Larry Ellison used them to build Oracle into another West Coast powerhouse. Compounding this failure of vision was a perfectionism that prevented IBM from getting its own products to market before it was too late. Early in his tenure as CEO, Lou Gerstner told his research people, "You don't launch products here. They escape."

In the late '80s CEO John Akers tried to slim the company down with voluntary buyouts (giving employees a financial incentive to leave early). But in a company renowned for lifetime employment, this helped to create a climate of fear that only worsened IBM's rigidity. "You didn't innovate," one former exec told Robert Slater. "You didn't want to do anything that would give you a high profile ... ."

By early 1993 Big Blue appeared to be beyond hope. It had taken more than $20 billion in losses, and its debt rating was dropping fast. The board of directors sacked John Akers as CEO and dangled the job before several corporate saviors, including GE's Jack Welch, AlliedSignal's Lawrence Bossidy, and Eastman Kodak's George Fisher (then at Motorola). There was even talk of asking Bill Gates to take over. No one was willing. Lou Gerstner, then CEO of RJR Nabisco, initially refused the offer. He accepted only after IBM board member James Burke appealed to his sense of civic duty: IBM was vital to the American economy, and it must not be allowed to die. It was a good line, but the smart money said that no one could bring Big Blue back to life. Gerstner reported for duty at company headquarters in Armonk, NY on April Fools' day, 1993.

No More Yes-Men

Gerstner's first task was to change the ingrained attitudes that had prevented IBM from seeing the world around it. These are often described as a product of the company's unique place in American business—as one old company saying went, "there's the right way, the wrong way, and the IBM way." But IBM's problems were really not so different from those of any large bureaucracy. "If you leave institutions in place for too long, whether governments or corporations, they get focused on maintaining themselves as institutions," says Jim McGroddy, who ran IBM's research labs from 1989 to 1995. "What they achieve for the customer becomes very secondary."

At IBM, as in the federal government, this meant that people who made criticisms—however valid—were often ignored or even punished. "The operating principle was, don't make the boss unhappy," says one longtime IBMer. This attitude, she adds, did incalculable damage to the company. Legitimate criticism of products and strategy never percolated up to the people who needed to hear it. And managers would take a financial hit rather than admit a mistake. In *IBM Redux*, Doug Garr describes an IBM supplier who tried to return a $20,000 overpayment. IBM refused to accept it, because in order to do so someone would have to admit an error was made.

Gerstner witnessed this "good news only" syndrome at one of his early meetings, where he heard a presentation from the chip-making division, which was widely known to be having problems. The head of the chip division told Gerstner that the problem was that there was no mainframe business, so his division couldn't make money making chips for mainframes. Gerstner stopped him right there and asked why the mainframe guy had just told him his division was doing fine. As it turned out, the mainframe division *was* in trouble—but they couldn't bear to admit it to the chief.

"Gerstner made it very clear very quick that you tell the boss the truth," says one IBMer who witnessed the turnaround. How? For one, he spent much of his time during the first few months talking to IBMers, consultants, and customers about the company and making it very clear that he wanted unvarnished truth. "He was the best listener I have ever seen," says Sam Albert, an IBM analyst who worked for the company from 1959 to 1989. Early in his tenure, Gerstner sat down with Albert, and as he asked him what he thought about the company, he took five pages of handwritten notes—not exactly typical CEO behavior.

Perhaps Gerstner's most effective tool for enforcing honesty in the company was the way he conducted meetings. In the old IBM, meetings were "like a high mass, with supporting documents as thick as your arm," says Dan Mandresh, who was Merrill

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Lynch's chief IBM analyst for 20 years. The most famous ritual at these meetings were the visual-display "foils" execs used to project charts and graphs onto the wall. "We used to describe talks as a 'six-foil talk' or a 'four-foil talk,'" one veteran recalls. "There were IBMers who literally didn't know how to talk without foils." Meetings were too large, because people were included based on their rank, whether or not they had anything of substance to add.

In the government it's the same story. For many federal bureaucrats, meetings are an end in themselves, a way to create the impression of activity (and taxpayer money well spent) where there is none. Being invited to them is a reflection of rank and status, so that people attend them regardless of whether they have anything to contribute or learn. At the Energy Department, for instance, meetings of the Office of Strategic Planning, Budget, and Program Evaluation have been attended by dozens of representatives from other offices, whose job is often confined to writing notes about the meeting for their own offices—regardless of whether it has any relevance to their own work.

Gerstner recognized that all this pointless ceremony was crippling IBM. One of the first things he did was to convene his top 20 executives and tell them all to write a short paper, with no visuals, answering these questions: What is your business? Who are your customers? What is your marketplace? What are your strengths and weaknesses? Who are your main competitors? He told them to get it done in two weeks, and that he would meet with each of them one-on-one shortly afterward to discuss it.

That may sound pretty reasonable to an outsider. At IBM, it was revolutionary. "People weren't used to writing in sentences," recalls Jim McGroddy. When he met with Gerstner, "it was just the two of us standing at a table. No projector." The meeting went well; McGroddy convinced the new boss that he was willing to help the company change.

Others, however, tried to bring out the foils, and "Gerstner jumped all over them," says McGroddy. According to IBM lore, Gerstner actually walked up to the projector at one meeting, turned it off, and told the exec, "If you can't explain it to me in your own words, you don't understand it." Before long the foils were gone. With them went all the old rituals that had made meetings such a waste of time. He insisted that meetings be as small and as quick as possible. To many company veterans, this felt like a slap in the face. But Gerstner made his intention clear: "I am trying to avoid the concept of reward being associated with these meetings."

Firing at Will

The next serious challenge Gerstner faced was reforming the company's workforce. "Unless you did something really bad, they didn't fire you," says Sam Albert. "They'd just move you to another job." This too is an all-too-familiar tradition in the civil service and in public schools, where administrators "pass the lemons" to another division or school district because they cannot fire them without going through a near-interminable series of hearings and appeals.

John Akers had downsized the company significantly starting in the late '80s, but he had done so primarily with generous early retirement incentive plans. The trouble with this method was, as one IBMer put it, that "some of the best people were tempted to take it—because they were the ones who knew they could get work elsewhere. The less talented people were more likely to play it safe and stay." The government suffers from the same problem. Al Gore and his "reinventing government" staff often boast about how much they've cut down the rolls. But they've used the same methods, with the same ill effects: The people who should be fired stay on, while those who do real work leave.

How did Gerstner handle this? IBMers claim he put the fear of God into anyone who might have been slacking off. "We had a few public hangings of people who didn't want to get on the new programs," as Gerstner later put it. "That told everybody we were serious." Most of the layoffs that occurred after Gerstner arrived in '93 were achieved by lopping off whole units that were deemed unnecessary. But in order to make sure that IBM downsized effectively, Gerstner also instituted a new evaluation scheme. The old system, like everything else at IBM, was collegial: a friendly annual report by your manager with grades—on a scale of one through four—that were by all accounts highly inflated. Gerstner added a new element, known as "360 degree feedback": a half dozen peers of your choice would fill out confidential evaluations. Also, the annual performance grades were put on a curve within the division. Many employees complained that this system was unfair; one division might be all stars, whereas others deserved to be junked entirely. Still, the new system gave managers the tools to fire poor performers, and it kept everyone else on their toes. "The corporate entitlement culture was gone," says Ken Thornton, general manager of IBM's public sector department. "The slogan became 'happy to be here, but prepared to leave.'"

Gerstner also recruited far more aggressively than IBM had in the past. During its heyday, "We just used

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to wait for the resumes to come in," recalls one longtime IBMer. "Now the competition for good people is extreme." IBM's stodgy image didn't help: By the early '90s ambitious young people with computer skills were far more likely to head for hipper, younger companies on the West Coast. There is a parallel with the government here too, though the federal recruiting problem is more long-standing and infinitely worse. The quality of its new hires has been plummeting for decades, and a 1998 study by the Merit Systems Protection Board cited federal superintendents who claimed that "their assessment of applicant quality had fallen for just about every type of job category." Amazingly, the government has done virtually nothing to reverse this trend. Few agencies bother to recruit on college campuses, and some don't even answer phone calls from prospective applicants.

IBM was never in such dire straits, but they've made a massive effort to reach talented young people. A series of stylish ad campaigns harping on IBM's leadership in Internet technology gave new shine to the company's image. They also bit the bullet and began recruiting as aggressively as possible: The company that once sat back and waited for the world to come to it now sets up tables at spring break in Florida.

The Bigger the Better

Perhaps the greatest challenge Gerstner faced in his first year was finding a way to make the company work as a single team again. Most people believed it was impossible. When Gerstner arrived, the industry was near-unanimous in its belief that IBM was too big to survive, and that its components would be leaner and more effective by themselves. In fact, John Akers had already begun to implement the plan, dividing IBM into 14 separate companies—the "Baby Blues," echoing the breakup of Ma Bell into Baby Bells in 1982. Again, the parallel with the federal government was clear. Faced with a stubborn bureaucracy, reformers tend to go for the obvious solution: chop it up, or create separate subagencies to reallocate responsibility.

Gerstner was not convinced, so he convened a conference of IBM's top 200 corporate customers in Chantilly, Virginia, and asked them point-blank: What kind of IBM do you want? The answer was clear. They wanted one-stop shopping, someone who could offer hardware, software, and services. No one else could do that. "Look at what many of our competitors are doing—buying each other, striking deals and alliance so they can offer more pieces of the solution," Gerstner told *Software* magazine in 1997. "In many ways, they're trying to cobble together a lot of what IBM already has."

Gerstner walked up to the projector at one meeting, turned it off, and told the exec, "If you can't explain it to me in your own words, you don't understand it."

Having made that decision, Gerstner was faced with the fearful task of making IBM's units work harmoniously. "One of the key things in the federal government is the ability to scale across heavily entrenched silos," says IBM's Ken Thornton, who manages IBM's business with the government. The challenges at IBM were very similar. Under the old system, there was no incentive for IBMers to think beyond their business unit. Naturally, this exacerbated the tendency of the divisions to wall themselves off and develop products without regard to the company's larger goals. Sometimes IBM units actually resisted directives from above, much as the Energy Department's bureaucrats do, in what was known in the company as "pushback." Often this led to an idea getting stalled in the bowels of the company for so long that it never saw daylight.

Exacerbating these failures were IBM's elaborate protocols for transactions between its units—so elaborate that the company required some employees to take a two-day training class in procurement (until recently, the federal government did the same thing). "Now wait a minute, we all work for the same fucking company," said Jerry York, Gerstner's aggressive new CFO, when he heard about the problem.

Gerstner started off by pegging 40 percent of every employee's bonus pay to the performance of the overall company, as opposed to the business unit. Individual bonuses were also tied to performance evaluation, which was determined in part by something called "team," meaning "how well you leveraged IBM's overall resources in your work," says IBM's Jana Weatherbee. "But it wasn't just the money," says one former IBMer. "He made heroes of people who did it right," with reward ceremonies and prizes. Gerstner introduced a new mantra at the company: the customer first, IBM second, your business unit third.

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And he reinforced it by dragging the scientists who dream up new products out of the lab and having them meet with customers.

This was a radical change for IBM and long overdue. In the old days, the labcoats were so out of touch with the marketing division that their products would often emerge too late, or in unmarketable form. "I remember being at one meeting, we were at a swimming pool, with cocktails, in the evening," recalls Jim McGroddy. "There was this guy from a bank, a customer. He picked up a radio-frequency LAN adapter (which IBM had on display) and he said, 'This is a really neat piece of technology. It's completely useless to me. Let me tell you what our problem is.'" He proceeded to describe the device he and bankers like him needed and said he would buy thousands if IBM would only make one.

To get the divisions talking to each other again, Gerstner had to do more than force them to start talking to end-customers (though he did do that, and it has made an enormous difference). He had to find a vision that would inspire and unify the whole company—something federal agencies also desperately need. Although he had initially (and famously) poo-pooed the need for a vision, in 1995 he began to position IBM to lead the next wave of "network-centric" or "pervasive" computing. An internal IBM document recalls that the industry "laughed" at Gerstner's claim that in the future "the Internet will be about business, not browsing—and working, not surfing."

Four years later, Gerstner's vision appears to be materializing. IBM has taken the lead in a new generation of "smart devices" embedded with powerful microprocessors. These will allow refrigerators and vacuum cleaners to tell their manufacturer when a part is about to fail and order a replacement. Already, some city agencies are using a device that allows them to contact police, fire, and emergency personnel faster than ever before through connected pagers, cell phones and wireless "personal digital assistants." It may sound like Star Trek, but they're not laughing on Wall Street, where IBM's stock price is surging.

Take a Memo

What lessons does IBM's Lazarus-like return from the dead offer for government? There are several, and implementing any one of them would go a long way to restore the dignity of public service.

The Truth Factor. Just as Lou Gerstner cracked IBM's "good news only" culture, the feds need to ensure that employees are rewarded, not punished, for sticking their heads up and delivering honest criticisms of their organizations. By the same token, appointees and managers will have to start reaching down to get the unvarnished truth about what's going on at every level, instead of just hoping nothing explodes on their watch.

Meaningless Meetings. It wasn't easy to hack into IBM's slow-motion meetings and everything that went with them: "too many sign-offs, too many reviews, too many task forces, which add work but not much value," as Gerstner once put it. But he did it. The situation is even worse in federal agencies, but there's no reason it can't be reversed there too.

No More Sectarianism. Federal bureaucrats are encouraged to look out for their agency or even their unit or office, often regardless of whether those goals have anything to do with the larger public interest. They're ripe, in other words, for the kind of transformation Gerstner pulled off at IBM when he forced his people to overcome their notorious internal divisions and work for the good of the company.

Measuring Performance. Gerstner looked to other large companies to find an evaluation scheme that would keep people on their toes and help to identify those who should be fired. The government needs to do the same. There have been some efforts on this front; the Clinton administration's latest was just six months ago. But all have fizzled in the absence of strong political will.

Hiring the Best. IBM recognized quickly that it couldn't get back in the game without drawing on the best people at every rank. The government has been abysmally slow to see this logic, but there's little doubt that few of the goals listed above can be achieved unless the feds take strong measures to reverse what one political scientist has called a "death spiral" in the quality of the government's new hires.

None of these things will be easy to achieve. Unlike IBM, the government is never far from a 535-headed monster called Congress, which often encourages reform with one hand while stifling it with another. The civil service rules themselves are a considerable obstacle, as are the federal employee unions. Real reform will also require strong direction from the president. Al Gore has shown considerable interest in this task, but with the exception of some dramatic downsizing, his reinventing government initiative has thus far stopped short of all the truly difficult hurdles.

Still, if you doubt that government can learn from the IBM example, consider what has happened in NASA's Jet Propulsion Lab in the past decade. JPL is responsible for designing the robots that go on interplanetary missions, such as the 1997

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Pathfinder mission to Mars. Less than 10 years ago, it had a virtually unlimited budget and was doing multibillion-dollar missions, each of which took seven to ten years to go from idea to launch. When the Cold War ended, Congress' priorities changed, and suddenly JPL was being asked to design smaller robots, a lot faster, and with a much more limited budget.

Like IBM, JPL used to work in divisions, handling the various different parts of the robot: communications, power, structures. They'd do their budgeting and design separately, then convene, and if there were mismatches, they'd go back to their separate drawing boards, and convene again as many times as needed. It was a costly and time-consuming process. That was OK in the old days, when size and money didn't matter.

But NASA administrator Dan Goldin had imposed strict cost constraints, creating the kind of pressure private companies like IBM face. "If you're 15 percent or more over budget, your existence is called into question," says Ivan Rosenberg, a consultant who works with JPL. The engineers began to work together, and their efficiency improved exponentially. Writing proposals for new projects, which used to take them months, now takes two to three weeks, and more of them are successful. Like IBM, JPL transformed the way it conducts senior management meetings, and what used to be an all-day meeting now takes two hours. These changes have had an enormous effect on the big picture: Since 1992, JPL's budget has risen by

Who's Who

By Susan Threadgill

Who are the most difficult bosses on the Hill? Among senators, **Vincent Morris** of *George* magazine says the most likely to reward subordinates with "tantrums, tongue lashings, and flying objects" are **Barbara Mikulski**, **Robert Torricelli**, and **Anita Hill**'s good friend **Arlen Specter**. In the House, the unpleasant bosses include **Mark Sanford**, who asks his aides to wash his sheets, **Sheila Jackson Lee**, who "had an intern positioned at her side all day so he'd be ready to open her Sweet 'n Low packets for her," and **John Conyers**, whose staff's duties include "babysitting and changing soiled diapers." **Rick Hill** threw a letter opener at an aide. Mikulski throws telephones and "any other handy object."

George W. Bush claims he did not use connections to get into the Air Guard and thus escape the Vietnam draft. Perhaps not. But the Texas Air Guard at that time was not exactly a home for the unconnected. Among its members were **Lloyd Bensten III**, Senator **John Tower**'s son, and, according to *The Washington Post*, "at least seven members of the Dallas Cowboys."

Tom Daschle, the Senate Democratic Leader, recently described his Republican counterpart, **Trent Lott**, as a "control freak." Obviously reluctant to violate senatorial rules of courtesy, Daschle tried to explain: "You know I love him, but I think he wants control. It's not meant to be derogatory. I mean it's just his nature. I say it in a light-hearted way. I don't mean he's a freak. I'm just saying he's a control nut."

What public official is more highly paid that **Bill Clinton**? It's not your first guess or even your hundredth. **Lee Baca**, the Los Angeles County sheriff, makes $207,000 per year. He is also eligible for a pension of $142,000 which he is graciously declining to collect.

Mrs. **Jeb Bush**, the wife of Florida's governor, was recently caught trying to slip $19,000 worth of Parisian clothes and jewelry by Customs officials, saying they were only worth $500. Is this a trait of Bush women? Perhaps not but Who's Who aficionados will recall that President **George Bush**'s dear friend **Jennifer Fitzgerald** was caught in a similar transgression back when she was working at the State Department.

If you doubt the power of congressional aides, consider the identity of the person *The Wall Street Journal*'s **David Rogers** found to be responsible for holding up aid to Macedonia when that country was being flooded with Kosovar refugees. It was **Robin Cleveland**, **Mitch McConnell**'s subcommittee clerk who is, according to Rogers, "well known for her aggressive use of power within the Appropriations Committee. Some Macedonian officials came to believe she was a senator herself and not just an aide."

One way these congressional staffers use their power is to cadge free travel from organizations with a keen interest in pending legislation.

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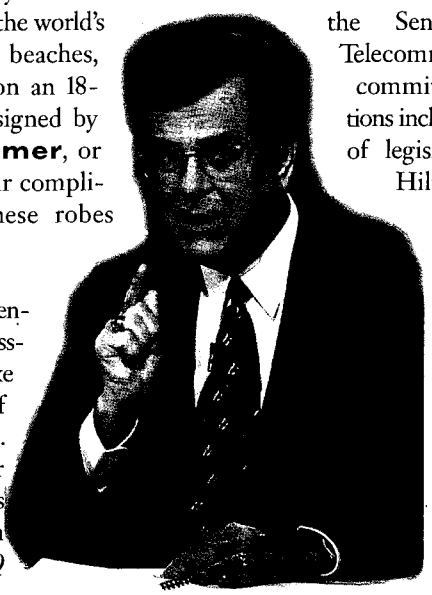
only about 5 percent, while its workforce has been cut from 7,500 to 5,000. At the same time, it has gone from one launch every five or ten years to almost a launch a month.

Other federal workers may not be able to change as quickly as those at JPL, who are literally rocket scientists. Nonetheless, JPL's achievement is proof that stagnant bureaucracies can be reformed, even in the public sector. That's why the current cynicism about government reform is so discouraging. Rudman and his fellow panelists are right that the Energy Department is a mess. But they're wrong to give up on changing it. Their proposal to hand over nuclear security to a new subagency, which the Senate is now considering, is a gesture of despair. It would leave the rest of the Department untouched, and the new agency would surely complicate DOE's residual task of cleaning up nuclear waste at weapons sites. "We run the risk of spreading the virus we're trying to kill," says Don Kettl, a University of Wisconsin political scientist who has spent years studying the DOE.

That would be more than just a shame. Attacking Energy's management problems may not be as dramatic as a corporate makeover. No one will become a millionaire in the process, and there won't be neat gadgets in it for the rest of us. On the other hand, if nuclear waste starts to bubble up in your backyard, or a terrorist detonates a neutron bomb on Wall Street, we could all end up wishing we'd shown more interest in what those government bureaucrats do all day.

This January five aides—they worked for **Bud Shuster**, **Slade Gorton**, and **Dick Armey**—were flown to Hawaii as guests of the American Association of Airport Executives. They lodged at the $300 per night Hapuna Beach Prince Hotel where, in the words of *CQ Weekly*, "they could take a walk on one of the world's most beautiful beaches, play a round on an 18-hole course designed by **Arnold Palmer**, or just put on their complimentary Japanese robes and rest up."



Of course, senators and congressmen also take trips courtesy of private interests. When their travel money is combined with their staff's, *CQ* says the champions are Rep. **Bill Archer**, the chairman of Ways and Means, who got $157,878 worth of travel, Senator **William Roth**, Finance Chairman, who got $134,295, Rep. **Thomas Bliley**, the Commerce Chairman at $133,505, and Rep. **Bob Smith**, Agriculture chairman at $119,885.

Those figures cover the period from January 1, 1998 through May 14, 1999. During that same period the champion staff traveler was **Leo Giacometto**, who works for **Conrad Burns**, who chairs the Senate Commerce Telecommunications Subcommittee. His destinations included such hotbeds of legislative activity as Hilton Head Island, S.C.; Pebble Beach, Calif.; and Fort Lauderdale, Fla. Among those who paid for the trips were such disinterested parties as AT&T, MCI, SBC, and US West. A nice trip to Glacier National Park was paid for by Burlington Northern Santa Fe Railroad. Another to San Diego was financed by Dow Stereo and Video. Giacometto's Senate salary is $122,000.

Maj. Gen. **David R. Hale**, the U.S. Army's answer to **Bill Clinton**, has been accused of affairs with four women who were wives of his aides. All were divorced after meeting Hale, according to **Rowan Scarborough** of *The Washington Times*, who reports that Hale recently married one of the four, **Melina Maka**, in a ceremony held in Southhampton, Long Island.

Al Gore is, of course, far behind in the polls. But what if the case that **Alexandra Starr** makes for Al Gore in this issue prevails and he becomes president? Who will be in his cabinet? The "Washington Whispers" column in *U.S. News and World Report* has come up with these names from the few Gore insiders who were willing to speculate: **Richard Holbrooke** and **George Mitchell** for State; **Sam Nunn** or Rep. **Norm Dicks** at Defense; **Eric Holder** or Detroit Mayor **Dennis Archer** for Justice; **Elaine Kamarck** at Health and Human Services; and Washington's governor **Gary Locke** at Interior, with **Bill Richardson**, **George Tenet**, and **Larry Summers** expected to remain in their present posts at Energy, the CIA, and the Treasury.

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What's Hot at APSA

The latest research on voting, popular opinion, and welfare reform

BY ABIGAIL KRAUSER

THIS AUGUST, TOP POLITICAL SCIENTISTS from around the country will converge on Atlanta for the annual American Political Science Association (APSA) conference. They will present papers that run the gamut of political science—from political theory to public policy. But this year, many of the academics are focused on a more mundane subject: the Average American. What is he thinking?

The *Monthly* talked to a few of the professors about their papers for this year's conference. Here's what they had to say.

Vote Early, Vote Often

In America, cynicism about politics is more than a popular trend—it's a national trademark. "I think there's a real concern in the country about the decay of political engagement," said Harvard Government professor Sidney Verba. For many Americans, this year's marathon Clinton-Lewinsky scandal did more than encourage the belief that all politicians are corrupt—it confirmed it. So it should not have been much of a surprise that so few Americans bothered to vote in the 1998 mid-term elections. Still, it came as a shock; pundits and political laymen alike began to worry about America's political future in light of this display of political apathy.

What is perhaps most troubling about the political malaise was the ferocity with which it has stricken our young. Of those between the ages of 18 and 24, fewer intend to go into politics than in any previous generation. In the last presidential election, seven out of 10 did not even vote.

Why are the nation's young people neglecting their most basic civic duty? A team of researchers—Kay Lehman Schlozman, Sidney Verba, Henry Brady, and Jennifer Erkulwater—tried to answer this question. In previous generations, war or depression might have provided the answer. But according to the researchers, the experience of Generation X is marked not by political disaster but political discontent. "[Young] citizens today entered the electorate at a time of widespread distrust of government and disillusionment with public life," they write. That environment discouraged civic participation.

Historically, young people consistently vote in smaller numbers than older members of the populace; electoral participation increases when they graduate to the next "phase" of their lives. And because so many young people today put off that next phase—waiting longer to marry, buy homes, and finish school—fewer of them vote.

When fewer Americans vote, those who do are likely to be more dedicated, more partisan, and often more politically extreme than the rest of the populace. Moderates lose representation and the political system loses their mitigating effect on the political extremes. Politicians are left to pander to those who would polarize American politics.

Indeed, according to Larry Bartels, Professor of Politics at Princeton University, today's voters are more likely to strongly identify with their political parties and vote party-line in a presidential election than any voting population since the 1950s.

Bartels' conclusion—that party identification is as strong as it has been in more than a generation—may surprise those who have accepted the conventional wisdom that political parties are in decline. Yet Bartels' conclusion is unconventional only because he uncovered a statistical parallax. That is, party identification is atrophying if one looks at the American public as a whole. But a substantial portion of that public does not vote—and they are enough to skew the data, creating the image of a widespread indifference to the party system. Those who do vote exhibit greater electoral loyalty to their political parties than any voters in 50 years. "It's consistent with what we have been seeing inside Congress, where we have par-

ABIGAIL KRAUSER *is an intern at* The Washington Monthly.

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ties more internally homogeneous and political parties more polarized," said Thomas Mann of the Brookings Institution.

According to Bartels' research, this trend is especially prominent among younger, better-educated voters. True, many of them represent the least likely to vote members of the electorate. But those who do vote are more likely to vote for members of their respective parties in both congressional and presidential elections than any group of voters in more than a generation.

Stand By Your Man

What was perhaps most surprising about public opinion this year was its sheer resilience. Hillary was not the only one who "stood by her man" throughout the impeachment hearings; America did—in overwhelming numbers. This came as a shock to pundits, politicians, and members of the press nationwide. The "rally effect" was in full force in America as the Clinton-Lewinsky scandal unfolded.

Amy Fried and Timothy Cole of the University of Maine examined approval ratings at each climacteric. Before the scandal broke in January, popular approval ratings of the president hovered around 60 percent. When news of the scandal unfolded, from January 21 to February 11, approval ratings climbed to 67 percent. On August 17 when Clinton made his Grand Jury appearance, approval ratings were at 62 percent. The release of the Clinton video testimony prompted a rating of 66 percent. And after the House voted to impeach Clinton, he won the highest approval ratings for his term in office: 73 percent.

The ratings only emphasized a growing rift between media and citizen opinion of the scandal. As Fried and Cole document, the media was far more critical of the president's actions than was the public at large. What the public was willing to dismiss as personal depravity, the media insisted was a national disaster. "In a way, I think it shows that there is more trust for politicians in the media than in the general public," Fried said. "In the public, the idea is, 'well, so politicians lie. What else is new?'"

The "disconnect" between the media and the public revealed that the assumption of the media's control over public opinion had been badly exaggerated. Throughout the disclosure of scandal, public approval of the president proved buoyant—despite the media's repeated warnings that this would change. For members of Congress, this revelation came too late. According to the researchers, the belief that the media's opinion would eventually shape the public's provoked Republicans to clamor for impeachment. And it incited popular backlash.

Devolution And Its Discontents

Republicans aren't always unresponsive to the American will. In 1996, the GOP seized on a popular issue: welfare reform. With strong public approval and Clinton's signature, Republican lawmakers dismantled the old public assistance program and delegated implementation of the new system to the states.

Since then, welfare rolls have dropped precipitously. Republicans and Democrats have each claimed its success as a partisan victory. But it has been difficult to gauge whether those who leave welfare also graduate from the ranks of the working poor. Academics, for their part, are grappling with this question.

"There is a strong anti-welfare sentiment in this country," observed Linda Kato, professor of political science at the Massachusetts Institute of Technology. "So Clinton stands up and says, 'I just cut welfare caseloads,' and everybody claps. I think the question we need to ask is: Where are these people going?"

As Kato quickly discovered, many of the recipients were not going anywhere at all. The least successful group in finding jobs and keeping them was termed "hard to employ." These were single parents, high school dropouts, victims of drug addiction or abuse—and the "fast-track" government welfare-to-work programs proved unable to acclimate them to the work environment. "There are people that are basically illiterate," Kato explained. "How much can you teach them in a couple of weeks?"

What had the programs done wrong? Why were these people still out of work? According to Kato, fast-track programs, born of welfare reform's "work-first ethos" had assumed that these people could be made to learn. On-the-job training was sufficient to prepare them to get down to business. Yet as Kato discovered, the hardest part of work for many of these "hard-to-employ" recipients was just getting there. Many of them had children at home and could not afford childcare or could not find openings at the few government-sponsored centers. Others had been badly spoiled by the "culture of dependency" and were completely unable to manage their lives or even sustain the motivation to arrive at work.

"There are so many things we just grow up learning that they don't," Kato said. "You know why it's important to show up for work on time. You know that in part because your friends work and your parents work. For people who've been hustling on the streets or surrounded by people who don't work, it's

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less obvious that work is such a good thing."

Yet amid the records of failed efforts to prepare these candidates for work, Kato discovered success: the Center for Employment Training (CET), a California-based non-profit training program. CET employees understood that getting off the dole means overcoming dependency; the move to work promises continual struggle, and it requires constant assistance. If clients had sick children at home, CET workers helped them find medical care. If clients needed transportation to work, CET provided it. If clients were concerned, nervous, or embarrassed about any part of their experience, CET workers addressed it.

Kato examined CET centers across the country. Consistently, she found that their success rate was unmatched in getting "hard to employ" clients to work and helping them remain there. The job-placement rate for those that graduated from the Bronx center program was 68 percent, at Newport News 73 percent, 67 percent in Oakland, 69 percent in Sacramento, 80 percent in San Jose, and 88 percent in Manhattan.

As Kato explained, when the federal government delegated responsibility for welfare to the states, it also created an incentive for the states to cut their welfare rolls each year. States receive a lump sum for welfare programs, but they can keep unused funding.

Hot Picks

On September 2, more than 6,000 political scientists
Thousands of papers will be presented. We asked a fe

Michael J. Sandel

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Michael J. Sandel is Professor of Government at Harvard University and the author of Democracy's Discontent: America in Search of a Public Philosophy.

"The Third Way and Beyond: Rethinking Progressive Ideology at the Century's End"
Stuart White
Karin Fierke

"Freud , Moses and Secularism"
William E. Connolly

"The Endgame?: Emerging Features of a Final Settlement"
Yossi Beilin

"The Sexual and Racial Contracts at the End of the 20th Century"
Carole Pateman

"Why Ethnicity Trumps Economics in Political Mobilization"
Ashutosh Varshney

"The Religious and Secular in American Political Culture"
Jean Bethke Elshtain

"Why Can't They Be Like We Were?: Generations, Life Cycle and Political Participation"
Henry E. Brady
Kay Lehman Schlozman
Sidney Verba

Jennifer Erkulwater

"The Politics and Morality of Official Apologies"
Jacob T. Levy

"Foreignness, Democracy and the Law"
Bonnie Honig

"A Prejudice for Work"
J. Russell Muirhead

James M. Glaser

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James M. Glaser is the Associate Professor and Chair in the Department of Political Science at Tufts University and the author of Race, Campaign Politics, and the Realignment in the South.

"Scandal Immunity as a Function of Candidate Personality Traits and Gender"
Tereza Capelos
Leonie Huddy

"The Religious and the Secular in American Political Culture"
Jean Bethke Elshtain

"The Logic of Globalization and the Logic of Human Rights: Compatible or Conflicting"
Richard Falk

"Black Electoral Success and the Redefinition of American Politics,"

Claudine Gay

"How Interest Groups Use the Initiative Process to Get Legislative Attention"
Elizabeth Gerber

"Measuring Gay Population Density and the Incidence of Anti-Gay Hate Crime"
Donald P. Green
Dara Strolovitch
Janelle Wong
Robert W. Bailey

"Transnational Causes of Genocide in the Post-Cold War Era, Or How the West Inadvertently Exacerbates Ethnic Conflict"
Alan J. Kuperman

"The Rise, Decline, and Shallowness of Militant Nationalism in Europe"
John Mueller

"Fifty Years of National Election Studies: A Case Study in the House of 'Big Social Science'"
Virginia Sapiro

Linda Fowler

✓✓✓

Linda Fowler, author of Candidates, Congress, and the American Democracy, *is director of the Nelson A. Rockefeller Center and the Reagan Professor of Policy Studies at Dartmouth.*

"The Nazi Voter"

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And that "surplus" is not federally earmarked for welfare programs.

The majority of states' welfare money is apportioned to fast-track programs that streamline the more "elite" unemployed into low-level jobs. Little money is allotted for occupational training; centers that lack sufficient funding shut-down. The Manhattan center, which had the highest job-placement rate, has already closed.

Many of the other CET centers will also close as the states raise their already high job-placement requirements for the training centers. In 1996, when Kato began her research, states already demanded between 65 and 70 percent placement from the centers. By this summer, the Washington D.C. center, for example, had already raised its requirement to 75 percent.

As for the funds the states do use for welfare, as with all state programs, their objective is to maximize the economic utility of their resources. States channel the bulk of their welfare money into the fast-track programs that have better educated and more emotionally stable clientele—programs with more dependable success rates. And, Kato discovered, those in the greatest need—those that are "hard to employ"—remain just that.

verge on Atlanta for the American Political Science Association's annual meeting.
nation's top political scientists which of them are likely to be most interesting.

GARY KING
ORI ROSEN
MARTIN TANNER

"Inventing Poverty: Popular Images of the Poor and U.S. Welfare Policy, 1929-1996"
JILL A. EDY

"Neighborhood Context and the Impact of Racially Stereotypic Crime Coverage"
FRANK D. GILLIAM, JR.
NICHOLAS A. VALENTINO
MATTHEW N. BECKMAN,

"Electoral Competition with Endogenous Voter and Party Positions"
JOHN E. JACKSON

"Ethnocentrism Revisited: American Public Opinion and Social Policy"
CINDY KAM
DONALD R. KINDER

"Is There a Gap Between Civilian and Military Attitudes and If So Has it Changed Over Time?"
PAUL GRONKE
OLE R. HOLSTI

"Heterogeneity and Individual Party Identification"
JANET M. BOX-STEFFENSMEIER,
RENEE M. SMITH

"Racing the Titanic: Globalization, Insecurity and American Democracy"
JOHN H. ALDRICH
CLAIRE KRAMER
JOHN RATTLIFF

"Race, Ideology and Party Voting Realignment in the 1990's"
DAVID O. SEARS
NICHOLAS A. VALENTINO

"Welfare and Compulsory Heterosexual Marriage"
ANNA MARIE SMITH

Thomas E. Mann
✓✓✓
Thomas Mann is Director of the Department of Governmental Studies at the Brookings Institution.

"The Undemocratic Democracy, or Why the People of California Voted to Disenfranchise Themselves"
STEPHEN D. ANSOLABEHERE
JAMES M. SNYDER, JR.

"The New Era of Electronic Warfare: Understanding the Effects of Party Issue Advocacy in the 1998 Elections"
PETER L. FRANCIA

"Choosing the Rules for Political Control of Bureacrats"
CHARLES SHIPAN
JOHN D. HUBER
RICK K. WILSON

"Tuning In, Tuning Out Revisited: A Closer Look at the Causal Links Between Television and Social Capital"
ROBERT D. PUTNAM
STEVEN YONISH
DAVID E. CAMPBELL

"Bowling Abroad: Social Captial in Comparative Perspective"
JOHN M. SIDES

"Institutions and Politics: What Matters Most for Policy Making?"
BARBARA SINCLAIR

"Partisanship and Voting Behavior, 1952-1996"
LARRY M. BARTELS

"Actions in the Public Sphere: Members of Congress from James Madison to Newt Gingrich and Beyond"
DAVID R. MAYHEW

"Interest Group Subsidies to Legislative Agents"
RICHARD L. HALL

"Motives and Money: The Impact of Campaign Contributors on Congressional Behavior"
PAUL S. HERRNSON
LYNDA W. POWELL
ROBERT BIERSACK
JOHN C. GREEN

"The Stunning Transformation of the Medicaid Program"
ERIC M. PATASHNIK
COLLEEN M. GROGAN

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The Stiff Man Has A Spine

Gore's record shows he's got what it takes to be president

BY ALEXANDRA STARR

THERE SEEMS TO BE AN UNWRITTEN rule in newsrooms today: A mention of Al Gore is incomplete without a reference to his wooden presence. "[M]ost of the press about Gore on the stump could run under the headline 'Stiff man still stiff,'" Melinda Henneberger observed in *The New York Times*. Gail Collins remarked on Gore's eerie resemblance to Howdy Doody on the editorial page of The Good Gray One. *The New Yorker* hunted down the vice president's college basketball teammates and reported his playing was ... well, you fill in the blank.

But a funny thing about Gore—he's been in the public eye for nearly a quarter of a century. After serving as congressman, senator, and vice president, Gore has left a long trail of footprints (unlike, we might add, a certain Texas governor). And while spinning new metaphors to describe Gore's lack of charisma can make for entertaining copy, it is the vice president's record that gives the best indication of the president he would be.

The paper trail provides much to commend him for the top job. By all accounts, Gore is a workhorse. When he decided to become involved in the then-fevered debate on nuclear weapons in the 1980s, he set aside eight hours a week for 13 months to study the issue, and emerged from the cogitation with his own strategic plan. Gore has brought similar diligence to his work as vice president. "He is a quick study, but when he has to, he really puts in the time to understand issues," says Larry Haas, who worked on the vice president's reinventing government initiative. "He is committed to being very, very knowledgeable on policy."

After serving as the commander-in-chief's shadow for the past seven years, Gore's policy positions (and his reputation) are indelibly twinned to Clinton in the eyes of most voters. But Gore is no Clinton clone in demeanor or ideology. For one thing, Gore is more disciplined than the president. While Clinton is known to relish interminable debate, Gore favors quick action. Former staffers say Gore served as resident grown-up in Clinton's first term, prodding the president to issue decisions. According to *The Agenda*, Bob Woodward's chronicle of Clinton's first year in office, Gore's frustration did spill into plain view on at least one occasion. When the president mournfully asked what he could do to pass his economic program, Gore, exasperated, retorted, "You can get with the goddamn program!"

In addition to differences in their modus operandi, Gore seems more of a dyed-in-the-wool centrist than the president. While Clinton publicly agonized over signing the 1996 welfare reform bill, Gore pushed the president to make it law. The vice president was also a strong proponent for fiscal discipline before Clinton caught budget-cutting fever. In Clinton's inaugural year, Gore looked into freezing Social Security cost of living allowances (COLAs). It was a daring move, considering social security's status as the third rail of American politics. The administration ultimately decided against cutting entitlement spending in its inaugural year. But when the Republicans captured the House and Senate in 1994 and began clamoring for full-fledged deficit reduction, Gore was instrumental in persuading Clinton to offer a balanced budget of his own.

While Gore has more moderate political instincts than Clinton, the vice president can be a bolder politician. Clinton doesn't choose his vacation spots without consulting pollsters. His presidential agenda seems

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almost exclusively dictated by what will play well with the public. The vice president, in contrast, seems committed to the issues he cares about. Gore pushed hard for intervention in Bosnia and Haiti. He stuck with the low-glamour issue of reinventing government for six long years. He fought for improvements to the 1996 telecommunications bill and pushed the president to threaten a veto when Republicans were hell-bent on complete deregulation. Thanks to the vice president, the Clinton administration is the most pro-environment in a generation. When the 1997 climate-change negotiations were on the verge of collapse, Gore flew to Kyoto over the howls of his political advisors and helped broker a compromise. To be sure, the vice president is no wide-eyed idealist. He may be able to hold forth for hours on the poisoning of the environment, but he is a clear-eyed vote counter, too. Still, look at his record and the message comes across: This stiff man has a spine.

The Democratic Hawk

In July of 1995, President Clinton was agonizing over Bosnia. The town of Srebrenica had just fallen to the Serbs, and the media was filled with bone-chilling reports of genocide and mass rape. Gore, who had argued for U.S. intervention since the early days of the administration, was adamant that the United States respond to the carnage. In a meeting with the president, he described a photograph of a young Muslim refugee who had committed suicide by hanging herself with a floral shawl. Gore's 21-year old daughter was haunted by the photograph, said the vice president. What she couldn't understand, he continued, was why the United States wasn't doing more. The story made an impression on the president at a decisive moment. "We've got to try something," Clinton concluded.

Gore has never shied away from tough foreign policy decisions. When he decided it was in the United States' strategic interest to dislodge Saddam Hussein from Kuwait in 1991, he joined just nine other Democratic senators to vote in favor of the Gulf War. In Bosnia and Haiti, Gore decided the humanitarian and pro-democratic imperatives of putting a halt to mass murder and dislodging dictators off the Florida coast were legitimate reasons to send in U.S. troops. As it turns out, Gore was right on all three counts. Can you think of another politician with a similar track record?

Those positions did not smack of political expediency. Dispatching the U.S. military to Bosnia and Haiti held the potential of returning GIs home in body bags. And when Gore voted for the Gulf War, there seemed to be little political payoff at the time. Former Senate Majority Leader George Mitchell and leading national security authority Sen. Sam Nunn had leaned on their junior colleague to stick with the party, and there were compelling reasons for him to do so. If military action succeeded, after all, it was President George Bush who would bask in the victory's glory. Alternatively, if the country were drawn into another Vietnam, Gore's vote would cripple another bid for the presidency. For Democrats, taking a pro-war stance took guts.

While the vice president isn't skittish about flexing U.S. military muscle, his foreign policy role isn't limited to advocating intervention abroad. It was Gore who coaxed the Ukraine to surrender its nuclear weapons in 1993 and take the International Monetary Fund's bitter economic medicine last year. And for six years, the vice president's bilateral commission with former Russian Prime Minister Viktor Chernomyrdin was the administration's fundamental channel to Moscow.

The Gore-Chernomyrdin conduit officially closed down when Russian President Boris Yeltsin dumped Chernomyrdin as his number two in 1998. But when Yeltsin named Chernomyrdin Russia's peace envoy in the Balkans this year, the vice president and his former negotiating partner played a key role in bringing the Kosovo crisis to a close. In their bilateral commission talks, Gore and Chernomyrdin had tackled issues ranging from Russian missile sales to Iran to trade disputes over frozen chicken legs. But when the two men sat at Gore's dining room table to discuss the situation in Yugoslavia, they weren't engaging in another round of horse trading. Gore's mandate wasn't to negotiate, but to convince Chernomyrdin that NATO bombing would continue until the Kosovo refugees could safely return to their homes. The message, evidently, was received. "The most fundamentally important thing the vice president did," says a senior Gore aide, "was convince Chernomyrdin that he was in fact in the presence of the bottom line." It was an occasion, perhaps, when the vice president's reputation for sticking to his guns helped make the difference.

Fighting the Bureaucracy

By all accounts, Gore serves as a trusted consigliere to the president. But that role wasn't a foregone conclusion. Gore's first big project in the White House—reinventing government—didn't mark him out as an indispensable player. In the early days of the

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Clinton presidency the big ticket items were health care and welfare reform—the sort of projects that would define an activist democratic administration. Gore asked to lead the welfare reform effort. Clinton and his advisors demurred; it seemed too high profile an issue for a *vice* president to handle. Ultimately, of course, the Republican congress called the shots on welfare. Gore's consolation prize was the unsexy project of streamlining the federal bureaucracy.

The vice president is said to have been disappointed at the slight, but he threw himself into the reinventing government program, meeting with run-of-the-mill bureaucrats to get a feel for a situation on the ground and picking the brains of Fortune 500 CEOs for corporate restructuring tips that could be transferred to the federal government.

As a Democratic senator skeptical of the vice president puts it, "Next to George W., Al Gore is Jesus Christ himself."

Gore's efforts have produced some impressive results. The vice president has cut some 351,000 employees from the federal workforce, making it the smallest it's been since the Kennedy administration. He's also improved the way government purchases goods and services, updated its information technology, and trimmed unnecessary regulations. Observers give REGO (as the reinvention effort is known) credit for prodding the bureaucracy into a more customer-friendly mindset. "Some of it is basic stuff; for example, if someone wants to find out how to get their passport renewed, they can look in the front of the phone book under P for passport and find out what they have to do," says Donald Kettl, professor of public affairs at the University of Wisconsin at Madison. "Before they would have had to guess which agency to go to. Believe it or not, it took a tremendous amount of work to get that sort of thing done."

At first, White House staffers and pollsters were unimpressed with Gore's REGO handiwork. After all, "improving government procurement practices" wasn't a phrase that would prod people to pull the Democratic lever in a voting booth. But when health care reform collapsed and the Republicans claimed the House and Senate in 1994, REGO's emphasis on smaller government became a harbinger of the centrist tone the Clinton administration would soon adopt.

This is not to say Gore's reinvention efforts were flawless. Real reform starts with taking a fresh look at what government agencies should be doing, then asking how well they're doing it and who they need for the job. But particularly in its nascent stages, REGO's emphasis was on improving how government works rather than questioning what its fundamental mission should be. That's like the tail wagging the dog. It doesn't make sense to chip away at the federal bureaucracy until you know what final shape you want it to take. Gore's reforms also did not address the fact that many of the problems in government agencies stem from their inability to fire incompetent or indifferent employees. REGO's personnel reductions were achieved through voluntary buyouts; that is, workers were offered a chunk of cash to leave early, without regard to their performance. The most competent workers were in the best position to find jobs in the private sector, and they were the group most likely to jump ship. Government became smaller without getting any smarter.

Still, the very fact that Gore stuck with the reinvention project for six years is commendable. The last five administrations have tried their hand at shaking up the federal government. But no one of the vice president's stature has led the effort or devoted the amount of time he has to it. "It's an issue as dull as dishwater," says Kettl. "And it's an issue where it's hard to have a big win. Gore could have dropped it, or delegated it to one of his deputies. But he's stuck with it, and tried to wrestle it down. I think that's a sign of character."

Of course, *sticking with it* and *wrestling it down* have been Gore hallmarks since his freshmen days in the House. Gore was never the backslapping pol who achieved national prominence by climbing the rungs of the party leadership. Rather, the Tennessean law maker edged his way into the limelight by developing expertise on recondite issues like arms control and information technology. Gore's weak ties to Democratic cliques didn't make him a superb administration emissary to the Hill. But his policy credentials and solid relationship with the president allowed him to lay claim to a thick issues dossier in the White House. The vice president had been a player on telecommunications policy since his days as a wet-behind-the-ears congressman. With that background, it seemed natural for Clinton to anoint the VP as the White House telecom guru. And according to consumer advocates, it's a good thing the issue found its way into Gore's portfolio.

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GoreTech

Consumer Union's Gene Kimmelman was no fan of the 1996 Telecommunications Bill. The legislation would deregulate the telecom sector too quickly, he thought, which would translate into heavy concentration of ownership and higher prices for consumers. (His fears were well-founded, in light of the rash of telecom mergers and spiraling costs that have come on the heels of the bill's passage.) Nevertheless, he was impressed by the administration's tenacity in fighting some of the legislation's more egregious provisions. And so at the signing ceremony, he approached the president and thanked him for the concessions he had wrestled from Republicans.

"Don't thank me, thank him," replied Clinton, as he gestured towards the vice president. "He was the one who recommended threatening the veto and fighting."

It was good strategy to draw a line in the sand. By 1994 industry players ranging from wireless phone service providers to long-distance telephone companies were itching to enter new markets, and the Republican congress was ready to deregulate the industry willy-nilly. The GOP, for example, was proposing to virtually eliminate all regulation of cable monopoly services overnight. And the extreme provisions didn't stop there. "The House Republicans passed a bill that would have potentially allowed a single person to own all of the radio licenses in America," says James Love, director of Ralph Nader's Consumer Project on Technology. "It went that far." At Gore's urging, Clinton threatened a veto. And the vice president went on the offensive. "These bills ... represent a contract with 100 companies," he said. "The highest bidders, not the highest principles, have set the bar."

Gore matched the rhetoric with tough negotiation behind the scenes. He pushed through a provision allowing the Federal Communications Commission to regulate cable rates for an additional three years. He insisted that the Baby Bells be forced to open local telephone service up to competition before they could enter the long-distance market. And he fought to keep in place restrictions prohibiting media "cross-ownership" (so newspaper and broadcast licenses cannot be concentrated in one person's hands in a single market). Gore also helped water down the Republicans' proposal to abolish restrictions on radio ownership. Today, up to eight radio stations can fall into a corporation's hands in a big market (a formula that has still allowed corporate America to gobble up most of the radio dial—as described in "The Death of Local Radio," *TWM* April 1999). "Gore did a very, very good job," says Andy Swartzman of the Open Media Project. "He knew the issues, he was heavily involved, and he cared. I still think the final bill sucked, but I give him credit for getting the best possible legislation he could in that environment."

An important Gore achievement in the telecom negotiation was securing funding to wire schools and libraries to the Internet by 2000. The so-called "e-rate" program has become one of Gore's signature issues: He introduced it in a Los Angeles speech six years ago and fought for its inclusion in the telecom act. The program provides a 20 to 90 percent discount on telecommunication services to schools and libraries, depending on community poverty levels. The vice president was probably too ambitious in his timeline: At this point only half of classrooms are wired to the Internet, and school officials and technology experts say it will be well into the next century before every kid has access to the Information Superhighway. Still, the e-rate is a commendable program. As Gore points out, the policy helps poor kids out the most; not too many impoverished families can invest in computers or modems. If they don't have access to the Internet at school, they won't at all.

With its technological edge and progressive tone, the e-rate would seem an initiative ripe for bipartisan support. But the program's financing has allowed Republicans to turn the issue into a political football. As part of the bargain struck under the 1996 act, the e-rate is partially funded through fees from long distance phone companies. These long-distance carriers (which have complained loudly about the arrangement) have started listing the e-rate cost as a separate item on phone bills, and Republicans have dubbed the fee the "Gore Tax." Obviously, no presidential candidate wants his name bestowed on a tax, but Gore seems to welcome a fight with the GOP on the issue. "It's not a tax," Gore said cheerfully in an interview. "But I'm glad they named it after me."

Green Man

The vice president was supposed to speak about the health effects of global warming at the National Academy of Sciences for just 10 minutes. But Gore was 25 minutes into his presentation before he called out, "Can I have the first slide, please!" As he spoke for the next hour to the audience of scientists and environmentalists, Dan Becker of the Sierra Club

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shook his head in amazement. "Can you think of any other vice president in the world, or for that matter 100 non-scientists, who could give that knowledgeable and detailed a talk on that kind of a subject?" he asks as he retells the story. Gore's staffers stood in the back of the room, no doubt stewing over how the vice president's schedule was shot for the day. Becker approached one of the aides and asked him what he thought of the vice president's performance. "Maybe," replied the staffer, "he's trying to tell us something." Namely, don't try to script this guy on an issue so close to his heart.

The vice president has been following his own script on global warming for nearly quarter of a century. Gore began thinking about how carbon dioxide emissions could be heating up the atmosphere when he was still in college, and he held the first congressional hearing on the issue as a 20-something House member. Gore also made the environment a central theme of his 1988 presidential bid, with scant political payoff. Columnist George Will sneered at Gore's "consuming interest in issues that are, in the eyes of the electorate, not even peripheral." And after the Tennessee senator gave an address on ozone depletion in a presidential primary debate, Jesse Jackson turned to the audience and observed: "Senator Gore has just explained to us why he should be our national chemist."

Of course, after yet another sweltering summer, Jackson's dig doesn't seem quite so funny today. This century is the hottest in at least 600 years, and the warmest years of the century occurred in the '90s, according to findings published in the scientific journal *Nature*. The science is not conclusive on global warming, but the consensus is close to unanimous that human activity is having an effect on climate. The implications of the trend could go beyond sticky, unbearably hot temperatures. Severe and dangerous weather could damage the food supply, lead to the loss of species and land, and spur the spread of disease. As Gore observes in his book *Earth in the Balance*, "The massive transformation of the earth's climate system that we call the ice ages took place after average global temperatures were only six degrees Celsius colder than today. If such a small change on the cold side caused the ice ages, what can we expect from a change of that size on the warm side?" What indeed? Maybe a national chemist for president isn't such a bad idea after all.

Perhaps the vice president's gutsiest move on behalf of green causes came in 1997, when he flew to Kyoto to salvage the global climate negotiations. "That treaty was on the rocks," says Becker. "The fact that Gore placed a personal stake in the outcome made a big difference." The vice president personally lobbied foreign delegations and helped break the logjam. Under the resulting treaty, the United States and 38 industrial nations agreed to reduce their greenhouse emissions to 1990 levels by 2012. The agreement is hardly radical—the United States (which is the world's biggest polluter) agreed to reduction levels that were only one-half of what the European Union was proposing. Despite the modest terms, however, the treaty has almost no chance of being passed by the Senate. That's partially because Republicans are disgruntled that developing countries were exempt from the first round of cuts. But they have also made killing the deal a *cause célèbre* because they do not want to hand Gore a victory going into the 2000 presidential campaign.

The vice president's efforts on behalf of green causes aren't limited to Kyoto. It was the vice president's idea to include the environmentally progressive energy "BTU" tax in Clinton's first budget bill. Gore spearheaded the fight to secure its passage, but it was ultimately killed in the Senate. The administration did, however, help pass the California Desert Protection Act, which covers more public land than any other conservation law. And, for the most part, the administration has beaten back the anti-environmental riders Republicans have attached to appropriations bills. "This administration is not perfect, far from it," says Dan Weiss of the Sierra Club. "But it is, without a doubt, the greenest in a generation."

Consider the Competition

Of course, you could say Gore had no choice but to pursue pro-environmental policies after publishing *Earth in the Balance*. The 1991 call-to-arms asserts that "[w]e must make the rescue of the environment the central organizing principle for civilization" and calls for eliminating the internal-combustion engine within the next 25 years. Dodging a global warming treaty after committing those thoughts to paper would have made the vice president look like a class-A hypocrite.

Earth isn't just an environmental jeremiad. Gore wrote the book in an intensely introspective period of his life: He had lost his 1988 bid for the Democratic presidential nomination and his small son was recovering from a near-fatal accident. Gore has said penning *Earth* was part of the healing process. The result was no campaign potboiler: It's not the sort of

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book a presidential aspirant generally writes. Amid references to the Brazilian rainforest and ozone layer was a man publicly surveying his life and taking himself to task for being too cautious in his political career. "I grew up in a determinedly political family, in which I learned at an early age to be very sensitive—too sensitive, perhaps—to what others were thinking, and to notice carefully—maybe too carefully—the similarities and differences between my way of thinking and that of the society around me," Gore wrote. Determined to become a bolder leader, he declared, "I have become very impatient with my own tendency to put a finger to the political winds and proceed cautiously."

That's raising the bar pretty high for a politician, particularly one running for the presidency. And make no mistake about it, there was a degree of political calculation behind those remarks. Gore thought he lost the 1988 Democratic nomination because he had been too cautious and too compromising. In his book, he portrays himself as a politician who stared down his cold careerism and emerged as a tougher, more courageous leader.

But Gore has, in many ways, lived up to the standard he set for himself. As his record shows, the vice president can be a principled politician. He took tough stands on foreign intervention and proved a tenacious fighter on the telecom bill. Gore continued to head reinventing government when most politicians would have dumped the project years ago. He didn't sell out his green friends when it was politically expedient to do so.

And Gore is well prepared to assume the presidency. Ask him to make a case for his candidacy and you can virtually hear the auto pilot switch go on in his head. "I want to save social security, Medicare, and revolutionize our public schools," he says. "I want to ensure we have livable communities with a clean environment. I want to keep our prosperity going, and I know how to do it. I want to make sure no one is left behind and I think we can do that, too." The list is, to be sure, a string of political platitudes. But you can bet the vice president has thought deeply about each point and could hold forth for hours on his potential presidential agenda.

If Gore's lack of charisma would make him seem not-quite-presidential material, consider the leading alternative. If Gore bests former-Sen. Bill Bradley for the Democratic nomination, he will, in all probability, run against George W. Bush in the general election. Bush, who was still figuring out his career goals when Gore first ran for president, has been in public office for all of five and a half years. While Gore has inundated the public with specifics on how he would govern, George W. has shot up in the polls with his catch-all aphorism "compassionate conservatism." It's hard to know exactly what the man stands for or, for that matter, if he is even vaguely prepared to be president. But his references to "Kosovians" and "Grecians" and his dodging of harder policy questions isn't encouraging. Bush may register higher than Gore on the charisma scale, but who would you want to steward the United States into the 21st century? As a Democratic senator skeptical of the vice president puts it, "Next to George W., Al Gore is Jesus Christ himself."

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Shooting the Whistle-blower

How Congress is sabotaging an effort to stop oil companies from cheating taxpayers

By Eric Umansky

In 1986, Robert Berman, then a senior economist at the Interior Department, got a memo from the office of Gray Davis, then the Controller for the state of California. California was concerned it was getting underpaid by oil companies who were drilling for oil on public land. Berman looked into the issue, and, as he puts, "was bothered by the result."

Oil companies are required to pay a royalty on any oil they take from public land, which amounts to billions of dollars per year. But it looked to Berman like the companies were purposely under-reporting the price of the oil they were extracting. Under the law, the government relied on oil companies to self-report the price of oil they took out of any public land, federal or state. There were a number of safeguards to make sure that oil companies reported a fair price. But the regulations were very complex and required expensive bird-dogging on the part of the government. Not exactly the perfect system. At the same time, Berman remembers, there was concern about the high costs of all the monitoring needed to make sure oil companies were paying the government a fair price. As a result, the Interior Department was getting some heat over its budget.

"I had an idea," says Berman, recalling his thinking 13 years ago, "Why don't we start looking at market prices, because the oil commodities market just opened up." In other words, Berman's suggestion was both radical and very simple: Forget about all the current complex regulations with their near-blind faith in oil companies billing themselves fairly, and just make them pay royalties based on what people would pay for the oil on the open market. This would ensure that the government got what it deserved and would reduce the cost of enforcement.

Perhaps as a result of standard bureaucratic inertia, the Interior Department did its best to ignore Berman's idea for years. According to Berman, when he finally did find hard evidence of oil companies purposely cheating on oil royalties, Interior issued a report agreeing with him, only to have the report revised and deny any underpayments. Finally, says Berman, "I was ordered not to work on oil valuations anymore."

But it turns out Berman was right. Over the past 13 years oil companies have had to pay billions of dollars in settlements to states and the federal government after it was discovered that they had underpaid for the oil they extracted. And though Berman somewhat exaggerates his role in identifying the problem, his idea to simplify the payment process has also proven to be right on. Many states have adopted the "market price" idea; and the Interior Department finally proposed adopting it early in 1997 (and billed oil companies $257 million in back payments).

The total savings from Berman's idea is $66 million a year. So you'd think he'd win an employee of the month award and bask in office glory for ferreting out fraud. Instead, Congress has blocked the Interior Department from adopting the new rules time and again. And now, led by oil-state congressmen, all of whom have gotten chunks of cash from the oil industry, Congress has launched a diversionary investigation against Berman. Like much of congressional action on this issue, the investigation is a favor to the oil industry, and the idea behind it is clear: If someone catches you stealing, and you can't question their testimony, attack their integrity as a witness.

Oil companies and Congress want you to think this is a complex story with "no easy answer." But it's really very simple: Oil companies have been cheating

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the government out of billions of dollars, and Congress is helping them do it.

Crude Cut

Oil companies have a great gig. When they take oil from federal land, they're supposed to pay a royalty to the government for every barrel they take. It's a fairly modest price, generally about 12.5 percent of the total value of the oil. But Big Oil (and given that it isn't all oil companies, but just the largest—or vertically integrated—ones, the term is more than just hyperbole) has been scamming the system for years. The government regulations around oil royalties were (and still are) so complex and weighted in favor of oil companies that it was easy to underreport the cost of oil taken from government land. The oil companies have taken advantage of that fact. Their self-reported prices, called "posted prices," are consistently significantly lower than what is being paid on the open market. And that's illegal.

There are plenty of smoking guns in this story, but this one, if not the most remarkable, is certainly the most colorful. Harry Anderson, a now retired Arco executive, admitted last month in testimony that as part of his job he lied about royalties:

Q: "At your deposition five years ago, did you testify that it was Arco's position that posted price represented fair market price?"

A: "Yes."

Q: "And from your personal point of view was that a fully accurate statement?"

A: "No."

A little later on, Anderson explained why he fibbed five years ago:

"I was an Arco employee. My plan was to get to retirement. We had seen on numerous occasions the nail that stood up getting beat down. I was there to drink the milk, not count the cows."

In early 1997, the tide started to turn against the oil companies. They were forced to settle and cough up huge back payments, including $350 million in California and $3.7 billion in Alaska. Meanwhile the Interior Department decided to fix the regulations and proposed new rules adopting Bob Berman's idea: Make oil companies pay based on the standard market price on oil they drill on government land.

The oil industry realized that their scam was threatened. So they met on February 20, 1997 to brainstorm. According to a memo sent by one concerned participant to the Interior Department and obtained by *The Washington Monthly*, the goal of the meeting was to find ways to "prevent [the new regulations] from becoming effective on whatever *procedural* (not substantive) grounds are available." [Emphasis in original.]

A lawyer named Pat Holloway who represented a small oil company (which has filed suit against some of the larger companies) blew the whistle on the meeting. He says he was concerned that "it would appear to be a violation of the antitrust laws for the chief executive officers of the major oil companies to meet and *combine* (i.e., conspire) among themselves to try to keep federal royalty oil prices depressed below values." [Emphasis in original]

A number of plans were hatched. Some would be very bad P.R. if made public: "It was suggested that the IPAA-API [oil lobby organizations] consult with the tobacco industry on legal tactics, since that industry has so much more experience litigating against government regulations." The memo also recounted what became perhaps the best suggestion of the meeting. "There was talk of using influence on the Appropriations Committee to block the expenditures needed to implement the proposed regulations."

Over the past three years, the Appropriations Committee has blocked the Interior Department from implementing its new rule three different times, and a fourth time is in the works. On each occasion they snuck riders into massive appropriations bills. Added at the last minute so that most people wouldn't notice, the riders barred the Interior Department from fixing its own regulations.

The congressmen explained that they were block-

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ing the regulations because the new rule would result in a "backdoor tax increase." Actually, it's precisely the opposite: The taxpayers own the land, and oil companies are cheating us out of our money by refusing to pay the royalties on the oil they extract from it. The new regulations don't even increase the percentage of the royalties that go to the government. The only thing they do is make the process simpler, so that it's tougher for oil companies to cheat. So why is Congress opposing it? Unintentionally or not, they are making it possible for oil companies to continue defrauding the taxpayers.

Oil companies have been cheating the government out of billions of dollars, and Congress is helping them do it.

The most recent example is also the worst. In April 1998 Senator Kay Bailey Hutchison (R-Texas) pulled the old "attach a rider to an appropriations bill" trick. Except this rider, which like the others barred Interior from passing its new regulations, didn't appear in either the House or Senate versions of the bill. According to *The Washington Post*, Hutchison, whose largest single supporter is the oil industry (it's given her about $1.2 million over the past five years) inserted the rider during a late-night House-Senate conference. Neither the House nor the Senate got a chance to vote on it. "I just believe it's a matter of principle that Congress passes laws and regulators implement them," she explained.

That's a high-sounding phrase. What she appears to mean is that the regulators are straying onto Congress' turf by amending the regulations. (Forget for a moment that government agencies regularly update their own regulations.) But it ignores the crucial fact that year after year, Hutchison and others in Congress have refused to fix the problem—while preventing the Interior Department from doing anything about it.

The congressmen couldn't go on blocking a sensible plan forever (though they seem to be trying to hold out until the oil-friendly Compassionate Conservative gets elected). So they've tried another tactic. Senator Murkowski (R-Alaska) and Congressman Young (R-Alaska) have proposed an alternative solution for oil royalties: in-kind payments. The idea is to have oil companies pay royalties in oil instead of cash. Sounds simple, except in order for it to work, a whole new federal infrastructure would be required to physically handle the oil. According to an Interior Department analysis, this fabulous new system would cost the government between $90 and $250 million per year.

In a nice touch, Young and Murkowski's home state opposed the in-kind plan. The Alaska Department of Natural resources circulated a memo saying "the legislation is a bad idea and will cost Alaska money." Unlike Young and Murkowski, the Alaskan bureaucrats don't depend on campaign contributions from Big Oil. Apparently the pressure from the folks back home worked, at least on Congressman Young. The House version of the proposal exempts one state from the boneheaded plan: Alaska.

The in-kind plan isn't just more expensive; it's also contrary to the philosophy of its sponsors. Since most supporters of the plan are Republicans, you might think they would support keeping power out of the hands of a centralized federal bureaucracy. Not in this case. A whole new bureaucracy would have to be created to manage their in-kind payment plan.

Why is Congress so intent on letting oil companies rip off the government? Here's one clue: All the congressmen leading the attack against the new oil-price rules are among the top recipients of oil industry money. They are also, not surprisingly, almost all from oil states. In turn, many of those senators and congressmen are chairs of the key committees involved in this issue. Rep. Don Young (R-Alaska), chairman of the House Resource Committee and a supporter of the impractical in-kind payment plan, received $119,000 from the industry in 1997-98. Senate Energy Chairman Murkowski got $176,000 in 1997-98. Oil was Young's biggest industry sugar-daddy, and Murkowski's second biggest.

Murkowski and Young are great examples of the power campaign money exerts on politics. Their home state has recovered billions of dollars in oil underpayments. Alaska even issued comments to Interior supporting the proposed rules to prevent underpayment in the future. But the Senator and Congressman are doggedly refusing to let the Interior Department implement those rules.

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It doesn't hurt that the lobbyists for Big Oil know what they're doing and are extremely knowledgeable about the Interior Department. In fact, three of the top lobbyists for oil are former Interior officials. Perhaps that's also why Congress decided to investigate Bob Berman, the Interior Department official who first raised the red flag about oil companies cheating the government back in 1986.

Smear Tactics

The Project on Government Oversight (POGO), a government watchdog group that supports whistle blowers, was late to the oil royalty game. By the time it started working on the issue in the early 1990s, some states already had been in litigation for years, and some had already won or settled for hundreds of millions of dollars. POGO joined in with a few others and filed suit against 16 oil companies for the lost revenue across the country.

POGO's suit was filed under the False Claims Act (FCA). Passed during the Civil War, the law was designed to fight war-profiteering. It gives the average citizen the power to sue on behalf on the government for fraud. In other words, it gives bounty hunters a fee. You find somebody ripping off the government, you get a cut of the settlement. The law, which had been watered down to the point of irrelevance over the years, was strengthened in 1986 by Sen. Grassley (R-Iowa) and Rep. Berman (D-Calif.—and no relation to the Interior Department's Bob Berman). Since then, it has helped whistle-blowers to uncover billions of dollars in fraud.

When POGO used the FCA to file suit in 1996, they asked Bob Berman and Bob Spier, another government worker who had blown the whistle on oil royalty underpayments, if they wanted to join in the suit. Both declined, according to POGO, because they were afraid of being ostracized at work or even losing their jobs. After all, the suit would embarrass the government—exposing the fact that if Uncle Sam had been paying attention, he could have prevented billions of dollars from being stolen by oil companies.

POGO went ahead with its lawsuit and, as first reported in *Platt's Oilgram Daily*, a trade paper, it promised Berman and Spier each a third of any of the money that might come out of the lawsuit. POGO says it was just doing the right thing. The whistle-blowers, regardless of whether or not they joined the suit, deserved to be rewarded for their work over the years.

When somebody files an FCA suit against a company supposedly defrauding the government, the Justice Department can join in if it thinks the suit is valid and worth its time. (It only jumps into a fraction of the FCA cases people file.) That's exactly what happened in this case. And in August 1998, Mobil Oil settled with POGO and the Department of Justice for about $45 million. (POGO's suit against the other 15 companies is still ongoing.) POGO got a $1.1 million cut of settlement as its finder's fee. And, as the watchdog had promised, it gave Berman and Spier a third of the money each.

A few months later, *The Washington Times* saw the story and smelled blood. Unlike the trade press, which didn't put a negative spin on the payments, the conservative *Times* attacked. Reported by Audrey Hudson and Jerry Seper, its series ran under headlines like "'Forbidden' Windfall Payment Unprecedented, Experts Say." In the paper's seven articles on the payments, exactly one expert has been quoted on the record criticizing the payments: Bill Hogan, an investigator for the Center for Public Integrity. Hogan says the *Times* called him out of the blue and he knew nothing about the payment. He now says somewhat cagily, "Now that I've looked into the issue, I understand POGO's point of view."

When Congress heard about the *Times* stories, a collective smile must have crossed many of their faces. Led by Young in the House and Murkowski in the Senate, Congress tried to connect the issue of the payments and the proposed new rules. In a letter to Interior Secretary Bruce Babbitt, Senator Murkowski said that as a result of POGO's payments to the whistle-blowers, "the legitimacy of the oil valuation rule-making is tainted." In other words, they claimed that POGO essentially paid off the whistle-blowers to influence the Interior Department's decision to update its regulations.

That's a very serious charge. There's also plenty of evidence to show it's not true. Berman and Spier were arguing for the new rules long before they ever got in contact with POGO. There was no need to "pay them off." What's more, by the time both men were contacted by POGO, neither Berman nor Spier was working on the new rules. The Interior Department, in a letter to one of the complaining Senators, tried to set the record straight: "Based on the information that is currently available to us, the two employees in question were not involved in drafting the first proposed oil valuation rule ... nor did they participate in developing subsequent versions of the proposed rule." And though POGO supports the new rules (and who besides oil companies wouldn't?), it doesn't have any financial stake in them.

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Nonetheless, Congress started an investigation and subpoenaed POGO, charging that the payments corrupted the rule-making process. Young and Murkowski also called on the Interior Department to delay implementing the new rules until the investigation was complete and Congress was satisfied POGO hadn't subverted the process. Danielle Brian, Executive Director of POGO, denies that the group tried to influence anything with the payments. She pleads naiveté: "To tell you the truth, and I feel a bit stupid here, I didn't even know about the rule-making when we filed suit and offered to share the money."

Congress's strongest evidence in support of the claim that Berman and Spier improperly influenced the making of the new rule is an e-mail by Spier suggesting that the Interior Department update its oil royalty regulations. The e-mail was from September 1996, two months *before* POGO agreed with Berman and Spier to share any settlement money. And as Brian points out, "there were thousands of comments submitted." According to the Interior Department, the rule-making proposal has already gone through seven rounds of comments and 17 workshops. "If Congress is going to blame to POGO for the new regulations it's transparently wrong," says Brian McMahon, a California-based lawyer who has been involved in an oil-royalty lawsuit since 1981. "Congress has been trying to block the new regulations for the past three years."

In fact, far from being paid off, Spier and Berman could have filed the suit on their own if they hadn't feared for their jobs. Government workers are allowed to file FCA suits as long as they're not investigators and as long as they've tried to go through the system to the maximum degree possible.

It should be noted that the Justice Department does have an ongoing investigation into the payments, though it didn't begin until Congress demanded one, six months after POGO had itself notified Justice of the payments. POGO may ultimately be spanked by the Justice Department for giving improper "gifts" to Spier and Berman. Even if that happens—and it's unlikely—it's not pertinent to the proposed new rule on oil prices, and certainly no reason to delay it. As Interior, which is helping Justice conduct the investigation, told *Inside Energy*, "We appreciate [Congress's] concern, but the two things have nothing to do with each other."

The real potential for conflict of interest doesn't lie with the whistle-blowers' involvement with the proposed rules at all. Instead the question, if there is one, should be whether Berman and Spier were slated to testify in POGO's suit. If that's the case, then Berman and Spier would have had a conflict of interest (though one totally unrelated to the proposed new oil royalty rules), since they would have stood to gain financially if POGO won the suit. When asked by the *Monthly* what role POGO was planning for Berman and Spier at the trial, Brian responded, "None."

Muzzling the Watchdog

Whatever its effect on the effort to fix the oil regulations, the investigation of POGO could also have an even larger consequence: the weakening of the False Claims Act itself. "This phony investigation makes my blood boil," says Tom Devine, a lawyer with the Government Accountability Project, a watchdog organization that works with whistle-blowers. "What these guys are doing is trying to gut the False Claims Act. It's the latest example of a timeless effort by industries that get caught with their pants down."

If that's what the oil interests and their friends in Congress are hoping for, it's worth noting that they're not the only ones. The health care and defense industries have been trying to shoo away the FCA for over a decade. When Senator Grassley sponsored the bill to revive and strengthen the FCA in 1985, the defense industry, under investigation at the time in over 40 cases of fraud, strongly opposed it. Even though the bill had strong support both inside and outside the Senate—even President Reagan gave the proposed law a big thumbs up—defense companies succeeded in delaying a vote on the bill for nearly a year.

Last summer the health care industry lobbied to be exempt from many of the provisions of the FCA, arguing that the law was being improperly used to fight simple billing mistakes. (According to government estimates, "improper" Medicare payments amount to $13 billion per year.) "The attempt to change the statute would have a devastating impact on our enforcement efforts," wrote Deputy Attorney General Eric H. Holder Jr. in a 1998 letter to Congress. The industry's whining almost paid off. An industry-supported bill gained 180 co-sponsors before President Clinton quashed it by threatening a veto.

Unlike other industries, oil companies haven't come out and directly opposed the FCA. But they've also been more successful. They, and their buddies in Congress, are attacking the messengers, the folks like Bob Berman who blow the whistle on fraud. In the long term, that may or may not discourage other whistle blowers and weaken the FCA. In the meantime, it will surely deflect attention from the real issue: Oil companies are cheating the government. ●

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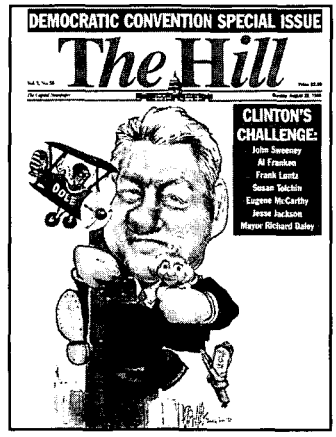

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Memo of the Month

NATIONAL BEER WHOLESALERS ASSOCIATION

Ronald A. Sarasin
President

RECEIVED JUN 3 1999

June

Dear Member of Congress:

Celebrate America's History With Beer

Do you know why the Pilgrims landed on Plymouth Rock in 1620? When the Pilgrims sailed for America, they had hoped to find land on which to settle that was fertile and ripe for planting with a pleasant climate. Instead they had to settle for stoney soil and harsh New England winters. Why did they have to cut their voyage short? Because they were running out of beer. An entry in the diary of a Mayflower passenger explains the unplanned landing at Plymouth Rock: "We could not now take time for further search...our victuals being much spent, especially our bere..." Each passenger aboard the Mayflower was rationed a gallon of beer per day. They drank beer instead of water because the beer was more pure than the water and they couldn't risk anyone getting ill on the long voyage across the Atlantic. The beer also provided much needed nutrients to help keep up their strength.

By 1770 the American brewing industry was well established. George Washington, Patrick Henry and other patriots argued for a boycott of English beer imports. As a matter of fact, the Boston Tea Party could just have easily been the Boston Beer Party. George Washington, Samuel Adams and Thomas Jefferson all brewed their own beer and promoted the brewing industry throughout the colonies. George Washington operated a small brewery at Mount Vernon and during the Revolutionary War he made sure his troops received a quart of beer each day!

George Washington wasn't the only one who promoted beer in America's early years. Patrick Henry, Samuel Adams and James Madison each had a passion for beer. It is said that Thomas Jefferson wrote the first draft of the Declaration of Independence while drinking a cold draft at the Indian Queen tavern in Philadelphia.

So as you celebrate Independence Day this year, remember America's beverage, beer.

If we can be of assistance, please do not hesitate to contact me or David Rehr, vice president of government affairs at (703) 683-4300.

Regards,

Ron Sarasin

Ronald A. Sarasin
President

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Bitter Pill

Rezulin may cause acute liver failure, but the FDA still won't take it off the market

BY DAVID WILLMAN

THE FIRST SYMPTOMS OF IMPENDING liver failure typically are dark-colored urine, fatigue, nausea, loss of appetite—not unlike a touch of the flu. And that's precisely the initial misdiagnosis made by doctors across the country, doctors who long were clueless about the risks posed by Rezulin, a new drug for people with diabetes. The diagnosis can soon enough get easier—though by then it may be too late to save the patient. The skin or eyes turn yellow with jaundice. Fluid sacs, called ascites, can form in the abdominal cavity.

Within weeks, other organs can start tipping toward failure. The body's own capacities compromised, the patient is left poisoned in her own toxins. And when it comes to Rezulin, gender matters: Approximately 70 percent of those known to have suffered liver failure from this drug are women, according to data studied by the FDA. I have read the all-too-repetitive daily hospital charts of Rezulin patients who lost their lives to the drug. I have spent days interviewing the patients' loved ones and doctors. Ask a hospital RN: Liver failure is a wretched way to die.

By January 1997, the Food and Drug Administration's files were loaded with enough warning signs to have kept Rezulin out of the hands of unsuspecting diabetic patients. Laboratory studies suggested that Rezulin played havoc with the livers and hearts of rodents. In rats, scientists found the livers were enlarged, with areas of dead tissue. And the rat hearts were distended, dilated, and discolored. "These changes were drug-related, and were responsible for the early mortality in both sexes," FDA pharmacologists concluded in a January 1997 internal report.

Clinical studies of Rezulin's effects on humans provided further cause for alarm: About 1 of every 50 people who took this drug in the original clinical studies developed some degree of liver injury. More than one fourth of those patients with liver injuries experienced toxicities that spiked to potentially life-threatening levels. Overall, nearly four times the rate of liver injury was observed in Rezulin patients than in those who took a placebo in the controlled clinical trials. In the parlance of drug-development scientists, this amounts to a "signal" of a dangerous problem. And a clear one at that.

With any drug, the risks have to be weighed against the potential benefits. Rezulin was developed to combat adult-onset, "Type 2" diabetes, which afflicts 15 million Americans, and can result in complications that include blindness and amputations. (The condition is distinguished from juvenile-onset, Type 1 diabetes, in which patients are incapable of producing their own insulin and would die without daily infusions. Although I am aware of doctors who have done so, Rezulin certainly should not be prescribed to Type 1 diabetics.) The question that faced the FDA: All things considered, was Rezulin safe enough?

The call was not a close one for Dr. John L. Gueriguian, the veteran agency medical officer who was assigned to evaluate the drug. In a detailed review dated Oct. 9, 1996, Gueriguian, citing Rezulin's potential to harm the liver and the heart, recommended the compound be rejected. "[I]t is unwise," Gueriguian wrote, "to force the FDA to hastily introduce a drug into the marketplace with such potential for worrisome toxicity."

Initially, Gueriguian was not alone in questioning Rezulin's safety. Another FDA medical officer, Dr.

DAVID WILLMAN *is a reporter in the Washington Bureau of the* Los Angeles Times, *for which he wrote a series of articles on Rezulin in December 1998.*

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Robert I. Misbin, took specific note of Gueriguian's concerns regarding potential liver and heart toxicities. In an Oct. 18, 1996 agency memorandum Misbin wrote: "My primary concern about troglitazone [the chemical name for Rezulin] is related to its potential for cardiac toxicity.... [I] do not believe that the sponsor has made a convincing argument that failure to make troglitazone rapidly available would put a significant number of diabetic patients at risk. I believe the greater danger may be to make troglitazone available to patients who do not really need it before we have been convinced of its safety." Newly obtained records show that a study of Rezulin's effect on human hearts ended without definitive results.

No matter. On Jan. 29, 1997 the FDA (with Dr. Misbin's assent) pronounced Rezulin fit for sale, a safe and effective prescription drug. It was the FDA's fastest-ever approval of a diabetes pill.

There was, however, at least one subtext of considerable intrigue: In November 1996, senior FDA officials had stripped Gueriguian of any further involvement with the review of Rezulin, following his use of intemperate language in a meeting with a drug company executive. According to Gueriguian, he tired of the sponsoring company's tactics and told the executive: "You can't shine shit with words." His forced removal robbed the FDA of its best source of institutional memory at a time when the agency was racing to complete a six-month, "fast-track" review of the drug.

Fast forward just over two years, to March 26, 1999, to a Holiday Inn in Bethesda, Md., its upstairs conference room brimming with cell-phone-toting surrogates of Wall Street. The FDA by this time was in the midst of an extraordinary re-evaluation of Rezulin, undertaken in response to a series of articles that I had authored for the *Los Angeles Times*. Among other things, the series documented the steady stream of liver-failure deaths and transplants associated with Rezulin. Now, the FDA's Endocrinologic and Metabolic Drugs Advisory Committee was being asked to weigh in.

This same panel had given Rezulin a unanimous endorsement in December 1996, paying scant attention to the issue of liver toxicity. And on this day, the front rows were packed with no small number of practicing doctors who also happened to be paid consultants to Warner-Lambert Co., the maker of Rezulin. One by one, they told the committee that they hadn't personally seen much or any evidence of liver toxicity. I wondered how many of their patients knew about the fees they had been taking from the drug company.

Enter into this commercially steeped milieu one Dr. David J. Graham, the FDA's top specialist in epidemiology, the discipline that examines the prevalence and means of controlling drug-related deaths and injuries. Graham, 45, was trained at Johns Hopkins and Yale medical schools. Unlike several of the participating advisory committee members, he had no financial ties to Warner-Lambert. His sole employer was the United States government; his client, the public interest. With the annoyed, and at moments palpably irritated, indulgence of the advisory committee's chairman—a physician who presided with his own freshly issued FDA conflict-of-interest "waiver" in hand—Graham presented a grisly report card to the advisory committee: One of every 1,800 Rezulin patients can be expected to develop liver failure, most of whom will die or, if they're lucky, undergo organ transplant. He or she is at least 1,200 times more likely to suffer liver failure by going on Rezulin than by staying off it. Graham estimated that Rezulin use had resulted in approximately 430 cases of acute liver failure.

Ahem. These numbers, safe to say, clashed with what both the FDA and Warner-Lambert had long been cooing to doctors, patients, and news reporters. The FDA, at times unable to glean up-to-date statistics from its own computer system, has consistently understated the number of reported, Rezulin-associated deaths. As for Warner-Lambert, the company's spokesman, Stephen J. Mock, told me last

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December that if Rezulin patients complied with liver-monitoring guidelines recommended by the company and the FDA, "at most, one in several hundred thousand" patients would die or require a transplant. Variations of this claim formed the essence of the company's Rezulin reassurance message: Not to worry, doctor. Look at our numerator and denominator—the number of confirmed dead vs. the one million or more patients who have taken the drug. It amounts to an acceptable risk. Odds are it's going to be someone else's patient who dies.

Of course a central flaw to this argument is that adverse events related to prescription drugs are reported only voluntarily—and rarely—in the United States. Independent experts have studied the issue and concluded that, routinely, just one to 10 percent of these events are made known to pharmaceutical companies or to the FDA. Doctors and nurses say privately that they are too busy to be bothered with the additional paperwork. And who wants to raise a red flag that might prompt a victim or survivors to sue?

Overall, nearly four times the rate of liver injury was observed in Rezulin patients than in those who took a placebo in clinical trials.

Yet when Dr. Graham told the advisory committee that, based on his research, as few as 10 percent of Rezulin-related adverse events had been reported, members of the panel would have none of it. The committee's reluctance to embrace a more excoriating view of Rezulin was perhaps best explained by another panelist, Dr. Robert A. Kreisberg, an endocrinologist from Birmingham, Alabama. After hearing hours of conflicting presentations from the FDA's Graham and from Warner-Lambert, Kreisberg summed up his bottom line.

Gesturing toward the front rows of the audience, where sat 10 physicians who had urged the advisory panel to stand behind Rezulin, Kreisberg said: "I'm going to rely very heavily on valued colleagues who practice and take care of patients with diabetes on a day in and day out basis. ... I think this information is as valuable or more valuable than the theoretic issues that have been brought up here [by Graham]." What Kreisberg didn't say (or know) was that nine out of ten of the doctors he was pointing to were paid consultants to Warner-Lambert or one of its affiliates.

More later about the curious handling of conflict of interest at today's FDA. First, back to those vaunted liver-monitoring guidelines, which Warner-Lambert held up in December 1998 as a safeguard against liver damage from Rezulin. In fact, the guidelines didn't even emerge until Rezulin had been on the market for eight months, and only after the first liver-failure victims were dead and buried. Despite Dr. Gueriguian's protests and Dr. Misbin's initial reservations, no one at the FDA had suggested that monthly liver testing be a condition for approving Rezulin. Such a condition would certainly have undermined the carefully crafted luster Warner-Lambert gave the drug on its March 1997 launch. Recommended liver testing also would have been, well, inconsistent, with the company's magazine-ad claim: "Side effects comparable to placebo."

Yet how tenaciously would these liver-monitoring guidelines come to be embraced by top FDA executives, as a basis—some would say a pretext—for keeping Rezulin on the market. In a statement issued Nov. 3, 1997, the FDA endorsed liver-function testing "within the first one to two months [and] every three months thereafter." And the agency offered this added assurance: "Few, if any, of these patients will go on to develop permanent liver damage if the drug is stopped."

Just one month later, on Dec. 1, 1997, the FDA reacted to the news of additional liver-failure deaths from Japan by recommending more liver tests, "every month for the first six months, every other month for the next six months." And again, the federal agency offered an added assurance: "The deaths in Japan occurred in patients treated before the stronger label warning and recommendation for liver [tests] took effect there." Translation: If the Japanese patients had followed the regimen of liver testing endorsed by the FDA as of November 1997, they might have survived. In Britain, Rezulin was withdrawn from the market for safety reasons just prior to the FDA's Dec. 1997 statement. The drug had been sold there for just three months.

The FDA endorsed a third safety-related change for Rezulin in July 1998, agreeing with Warner-Lambert to recommend an extension of the liver testing, from six monthly procedures to eight. Officials said

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that they remained convinced Rezulin was safe, provided that patients complied with the recommended liver testing.

This FDA mantra persisted even after December of 1998, when our first Rezulin work was published in the *Los Angeles Times*. Indeed, when Dr. Janet Woodcock, one of the FDA's top executives and a supporter of fast-track drug review, was asked what it would take for the agency to pull Rezulin off the market by "Nightline's" Chris Wallace on Dec. 23, 1998, she replied: "If the monitoring program is not successful and we have evidence that, in fact, the same rate of liver disease is occurring without any warning or ability to control that, then we'll have to take another look at this drug."

Four months later, Woodcock was in the packed audience at the Bethesda Holiday Inn, listening as Dr. Graham told the advisory committee what he had ascertained about the "monitoring" of Rezulin patients. Citing the most up-to-date scientific data available, Graham said that more than 99 percent of the patients taking the drug were found not to be complying with the liver-monitoring guidelines after just four months of use. After studying the clinical courses of patients who suffered liver failure and died, Graham concluded that 75 percent of them fell sick too fast for monthly monitoring to have worked. "We can't point to monitoring and say that this intervention has had any impact on the incidence of acute liver failure," Graham told the committee. Rezulin can so quickly shock the liver, Graham explained, that a person whose test results were normal at the beginning of the month could be in mortal jeopardy just a week or so later. Compared to the predictability and severity of side effects to be expected, generally, from all medications, Graham said, "[Rezulin] looks very different than most other drugs."

As the meeting broke up, I approached Dr. Woodcock. Was she, at last, persuaded that Rezulin was too dangerous to remain on the market? Hardly. It was clear that she was retreating from Graham's presentation as far and as fast as physics would allow. Here's a transcript of my brief interview with her that afternoon.

Question: "The top FDA epidemiologist said here today that the expected rate of acute liver failure is one in 1,800 patients. Does this cause you to reassess the drug?"

Woodcock: "David Graham felt that one in 1,800 was his best estimate. But it's based on a variety of judgments and assumptions."

Question: "Do you have reason to doubt his judgments and assumptions?"

Woodcock: "We aren't doubting his judgments and assumptions. We're saying that there is a very broad range, as Dr. Bone [the advisory committee chairman] said, of best guesses."

Would that be the same Dr. Bone who had been granted an FDA conflict-of-interest "waiver"? Yes indeed. But the nature of Dr. Bone's interest was not disclosed to the press or public. At today's FDA, officials say they no longer are required to disclose the facts and circumstances that underlie any such waivers. In a bit of devolution that might best be called Transparency Trumped, it's up to the office of FDA Commissioner Jane E. Henney to decide whether an advisory committee member's medical expertise outweighs the conflict. And the telling details are no longer the public's business. For his part, Dr. Bone refused after the March 26 meeting to discuss the nature of his potential conflict of interest ("My statement was read by the secretary and I have nothing to add to that.") Ditto for two of Bone's other conflicted colleagues on the panel.

The financial interests of part-time appointees to local planning commissions and transit boards are typically wide open to view in this country. But at the FDA, the "independent" experts—with material influence over which drugs get approved and/or whether they stay on the market—operate in a confidential cocoon. All that's at stake are the lives of millions of Americans.

Money Pill

Whatever the financial interests of the FDA officials, there's no question that Rezulin's maker, Warner-Lambert, was banking on it to become a "blockbuster." Beginning in the early '90s, the company's financial statements had tabbed Rezulin as a star-in-waiting. By mid-decade, with its pharmaceutical division profits slumping, the fate of Rezulin loomed ever larger. The company's president and chief operating officer said in a 1995 address that Rezulin "has the potential to redefine the diabetes market." In its annual report issued in March 1996, Warner-Lambert termed Rezulin, "A Breakthrough Drug," that "may delay the onset of diabetes." (It has not been proven that Rezulin can prevent either Type 1 or Type 2 diabetes.) Although the drug had at this point not yet been approved by the FDA, the Warner-Lambert annual report trumpeted Rezulin's potential. "The company believes this breakthrough therapy, once approved, could become one of the largest-selling pharmaceuticals it has ever marketed."

Warner-Lambert assured investors in spring 1996

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that it was "working aggressively to accelerate" the FDA's approval of Rezulin. The work appeared to pay off: The FDA quickly assured Warner-Lambert that it would grant a six-month, fast-track review. The timing was ideal. By July 1996, when the FDA began reviewing the company's "New Drug Application" for Rezulin, forces hostile to strong pharmaceutical-industry regulation were in control of both the House and the Senate. Legislation with bipartisan support had moved in both houses, threatening to severely limit the FDA's drug review powers. The bills ultimately stalled at the end of the 104th Congress. But the seed of fear was sown at the FDA, undermining vigorous scrutiny of newly proposed drugs, according to government physicians. And Warner-Lambert, not unlike other drug companies, was poised to capitalize.

The FDA, at times unable to glean up-to-date statistics from its own computer system, has consistently understated the number of reported Rezulin-associated deaths.

But perhaps the most timely, government-conferred cachet gained by Warner-Lambert came just a few miles south of the FDA's offices, at the National Institutes of Health. Although the drug had not yet been approved by the FDA, NIH officials and affiliated researchers in late 1995 and early 1996 selected Rezulin for use in a $150 million diabetes-prevention study. Warner-Lambert touted the NIH decision to investors; the selection created a momentum that made it even more unlikely that officials at the FDA would block or reject the drug.

Then came May 17, 1998, the day the NIH's selection of Rezulin boomeranged, tragically. This was the day when a participant in the NIH study, a 55-year-old high school teacher from East St. Louis, Ill., named Audrey LaRue Jones, died. Doctors who investigated said she had suffered Rezulin-induced liver failure. Within a month, NIH officials banished Rezulin from the nationwide clinical trial, citing safety concerns.

But again, a government institution's handling of Rezulin was attended by the specter of conflict of interest. It turned out that the senior official with overall responsibility for the NIH study had, at the same time, fashioned his own financial relationship with Warner-Lambert. The NIH official, actually the United States government's top diabetes researcher, Dr. Richard C. Eastman, went on Warner-Lambert's payroll as a consultant in November 1995. During the next two years, he served on the "faculty" of the sales-promoting "Rezulin National Speakers Bureau;" Eastman, whose government salary exceeds $144,000, accepted nearly $80,000 in compensation from Warner-Lambert and one of its affiliates.

Following our disclosures in the *Los Angeles Times*, the inspector general of the Department of Health and Human Services opened an investigation of Eastman's conduct. Eastman quietly informed NIH officials that he would no longer accept income from drug companies or other outside employers. (No doubt to the relief of NIH Director Harold E. Varmus, the affair has remained unmentioned in the nation's other major newspapers.)

In March of this year, the Medicines Control Agency of Britain refused to allow re-introduction of Rezulin. And on June 16, the FDA announced the fourth safety-labeling change for Rezulin.

The FDA, citing "new safety information," advised doctors in June to have patients submit to monthly liver tests for a full year. The agency also declared that Rezulin was no longer appropriate for use as a front-line, stand-alone diabetes pill. Barely two years on the U.S. market—and four safety-related labeling changes. Officials acknowledge that, in the history of the FDA, no other drug has met such a fate.

The agency's handling of the drug was mocked this summer at a conference sponsored by Georgetown University Medical Center. Dr. Alastair Wood, a Vanderbilt University professor who is also drug therapy editor of the *New England Journal of Medicine*, analogized the FDA's label changes to managing the risk posed by a dangerous mountain cliff. "The point was, you don't put up more and more signs if people continue to fall off the cliff," Wood recalled. "You try to do something more definitive, like try to prevent them from falling off. You put up a fence." At the FDA, however, officials have persisted with incremental

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changes to Rezulin's labeling and have eschewed ordering its withdrawal. Dr. Wood's analogy elicited much laughter from an audience that included representatives from academia, industry, and the FDA. Yet his point was entirely serious: The label changes have been made, and the liver-failure deaths persist. (When the FDA approved Rezulin in Jan. 1997, at least nine other medicines were already on the market for treatment of Type 2 diabetes.)

Some private physicians who once spoke on Rezulin's behalf have told me that they hope the drug withers in the face of competition from two newly introduced, chemically similar compounds. Unlike Rezulin, these two drugs have demonstrated virtually no liver toxicity in clinical studies. Not surprisingly, the companies that make these drugs are conducting negative marketing campaigns at Rezulin's expense. Why, they ask doctors, prescribe a drug that kills livers when there is a safer alternative?

Rezulin may eventually recede from the pharmaceutical landscape, its demise not compelled by the federal government, but by the not-so-invisible hand of market forces. This would please at least a few officials, perhaps including one thoughtful member of the advisory committee that met in March, Dr. Glenn Braunstein, an endocrinologist from Cedars-Sinai Medical Center in Los Angeles.

Along with a majority of his colleagues on the FDA committee, Braunstein said on March 26 that he favored leaving Rezulin on the market, but he added: "I know that there are a number of other drugs in the pipeline in the same [chemical] class, and I'm hopeful that one or more of those will prove not to be hepatotoxic. And then we'll let the marketplace tell us which is the best drug." But the unaddressed question was and remains: What about the well-being of all those patients who, in the interim, begin taking or stay on Rezulin?

This much is clear: By now Rezulin has exceeded the original expectations of Warner-Lambert, whose chief executive officer told investors in May 1997 that Rezulin could become a "billion-dollar blockbuster." As of this spring, the drug had generated sales exceeding $1.4 billion. It remains to be seen to what extent recently-filed product-liability and wrongful-death lawsuits will erode the gross.

Death In The Fast Lane

As disturbing as the human toll is, equally unnerving is the fact that the saga of Rezulin is surely not an anomaly. The forces of commerce that long derided the FDA as a glacially paced dinosaur now rule. The new paradigm of prescription-drug regulation has arrived at FDA headquarters in Rockville, Md. by way of a Republican-controlled Congress, with scant dissent from Democrats. The controlling culture at today's FDA, officials say, holds rejecting most new drugs to be passé. If a drug has dangers, goes this algorithm, they usually can be "managed" via some speck-sized language buried within a label.

"Nobody wants to slow up," one veteran FDA specialist involved with the original, fast-track review of Rezulin told me. "The only thing our management is truly concerned about is getting it done in a timely fashion. It's the speed, and the 'Hurry up,' and the rush. Nothing else means anything. That's what they want; that's what they're getting. I'm waiting for a disaster to happen—maybe this is it. And then they'll start giving us a little extra time to get a job done."

It was three long decades ago that an FDA physician, Dr. Francis O. Kelsey, delayed—and withheld—the agency's approval of a proposed sedative called thalidomide. Nearly two years later, when thalidomide was proven to have caused the disfiguring of thousands of newborns worldwide, Dr. Kelsey was honored by members of Congress and by President Kennedy for keeping the compound away from expectant mothers in America. "She wouldn't have had that latitude today," said the veteran FDA specialist. ●

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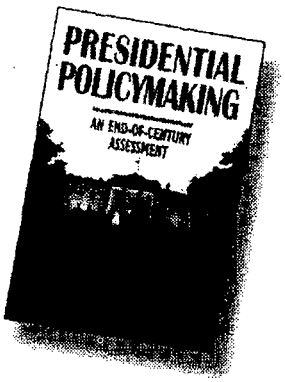

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The Broken Wall

How newspapers are selling their credibility to advertisers

BY BLAKE FLEETWOOD

YEARS AGO WHILE ON THE METROPOLitan staff of *The New York Times*, I came up with a nifty idea for an article. Tiffany, the Fifth Avenue jewelry store, was getting a $4.5 million tax break under a state program designed to keep businesses from moving jobs out of town. Where could Tiffany move to: Ho-Ho-Kus, Hackensack, Des Moines?

The editors loved the idea, and it involved a large number of other companies, but as my finished piece moved up the chain of command, things began to get funny. I suddenly realized that Tiffany was one of the largest and oldest advertisers at the *Times*, always in the favored position: upper right, page three.

The story ran on the front page in a rewritten form. But the obvious lead was rewritten somewhat dully as follows: "A New York State Plan begun in 1968 to help small manufacturers create jobs in impoverished urban areas has evolved into a program awarding a broad range of corporations tens of millions of dollars a year in tax relief." The key and engaging point about Tiffany, the quintessential example, was moved to the 19th paragraph.

Last winter a team of six reporters published the results of a three-month investigation of the local phone company, Bell Atlantic, for the *New York Daily News*. They found that phone service was ten times worse in poor areas than in wealthy neighborhoods, that the phone company routinely misses 500,000 appointments a year, and that it overbills customers.

The editors loved the story, and the first part of a promoted series ran on the front page. But then the angry head of Bell Atlantic, Ivan Seidenberg, got on the phone to Mort Zuckerman, publisher of the *News*. Seidenberg sits on the Board of Directors at Boston Properties, Zuckerman's parent company.

Bell Atlantic is one of the biggest advertisers at the *News*, which is not exactly making wads of money these days. Millions of advertising dollars were at stake. Parts of the story were faxed to Bell Atlantic for comment and, unbeknownst to the *News*, the phone company was more than happy to pre-release the damning information (with a favorable twist) to the *New York Post*, a rival tabloid. *The Post* then ran what's known as a "spoiler"—a quickie watered-down exposé—the Saturday before the Sunday *News* investigation. It featured a sidebar jab at the *News* piece: "Tomorrow's News Today," featuring the *News* logo.

After an all-out fax, phone, and letter assault, the second story ran on page six and was considerably milder in tone. Editor Art Browne says the pressure—and an offer by Bell Atlantic to buy *more* advertising—had no effect. But the folks at Bell Atlantic are glad they "turned the story around." The follow-ups were never published. The advertising pressure and the "spoiler" worked.

The Bad Old Days

The New York Times, *The Daily News*, *The Washington Post*, *Boston Globe*, and other prestige big city papers have a long history of publishing fearless muckraking articles. They set the industry standard. But if even these large, rich papers can sometimes feel the pressure of advertisers, imagine the influences ordinary papers throughout the country are subjected to.

It's not that papers haven't always felt commercial interests breathing down their necks. In the 1950s, woman's page and fashion writers were "required to come up every month with articles whose total column inches reflected the relative advertising strength of every story," according to Nan Robertson, a Pulitzer Prize-winning reporter at *The New York Times*. When she first started at the *Times*, she remembers in her book *The Girls in the Balcony*, "There was hell to pay [from the advertising director] every time an advertiser

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was not adequately represented in the 'news' columns of the woman's page. I had the good fortune to be assigned to some of the quality emporia such as Bergdorf Goodman, Bonwit Teller and Henri Bendel, and it was easy to write about them. The woman's department was the *Times*'s dirty little secret."

That obvious pandering policy—selling the soft sections—began to change in the '60s as Ralph Nader and his idealistic band of "raiders" opened Americans' eyes to the power of corporate interests. Journalists began to feel some shame about peddling the industry line, even in the soft sections, and grew bolder about reporting on corporate evildoers. *The Washington Post*'s Watergate investigation, led by Bob Woodward and Carl Bernstein, further encouraged journalists to feel that no institution was above reproach.

Yet at the same time, newspapers began to feel the pangs of a long-term decline in readership and profits that would ultimately undermine their newfound courage. In the '60s nearly 85 percent of the adult American public read a newspaper daily; now that figure is below 55 percent. Newspapers are losing readers in droves. Moreover, there is much more competition for advertising dollars. Merchants are looking to reach highly targeted and segmented audiences. Sofa dealers want to be in a decorating magazine like *House and Garden*. Tennis racquet makers want to be in *Tennis Magazine*. In part these are the same factors that led to the demise of general interest magazines such as *Look* and *Life* in favor of more targeted outlets. Special interest magazines, pennysavers, shoppers, Cable TV, direct mail, and the Net are all seeking advertising dollars that once exclusively belonged to general-interest newspapers.

The money problem was compounded by a shift in ownership structure. In the early days of American journalism, papers were often owned by wealthy men who used them as bully pulpits for their own views. Nowadays they're more likely to be owned by large companies that are responsible to an investor class demanding annual profits of 18-20 percent (the industry average). A board of directors or a media corporation is obligated to focus on the bottom line, which can easily translate into a pressure to keep big advertisers happy, or at least not to upset them.

The zeitgeist helped too. By the early '80s greed was in, and Nader's anti-corporate attitudes were rapidly falling out of fashion. The papers began to rely more heavily on soft sections, including some new arrivals: "Home," "Arts," "Style," "Science." At first, these sections were seen as a way to keep the rest of the paper free of advertiser influence. Abe Rosenthal, the legendary prize-winning editor, made his deal with the devil. "If they keep my A Section pure," he is widely quoted as saying, "then I will let them have all those other [advertiser-driven] sections." After all, the reasoning was, the more ad pages you have, the greater your integrity can be.

"Today editors get paid handsomely to think of, and anticipate, what advertisers want."

Yet in the past decade newspapers' ongoing financial hardship has made the so-called "wall" between advertising and editorial more porous than ever. Owners and publishers, in a revolutionary turnaround, have routinely empowered editors with marketing responsibilities. A poll by the National Newspaper Association magazine *Presstime* last year found that more than 192 daily and weekly newspapers (the majority of those polled) have marketing committees that include editorial members. Even *The New York Times* has assembled a high-level executive group of ten, the Mohonk Group I and II—half from news and half from business—to figure out more ways to make money. Owners seem to have forgotten that the idea of a "wall" between advertising and editorial was originally intended, at the turn of the century, as a marketing device, a token of integrity that would help to draw readers and advertisers. However imperfectly it may have been practiced, it has been a winning formula.

Yet attitudes appear to be changing. Where once such base considerations were downplayed and hidden, editors now openly flaunt their money-making responsibilities. Chris Wells, publisher of Knight-Ridder's *Bradenton Herald*, recently bragged to the *Columbia Journalism Review*, "We've changed the culture of this organization forever." Wells has set up "business literacy" training for reporters and editors similar to programs at the *Los Angeles Times*, The Tribune Company and Gannet. It has become a mantra at professional editors' meetings to show how tough a marketing guru you can be.

The question is: Has this newfound marketing cooperation already resulted in a subtle, and sometimes not so subtle, erosion of the limits that editors used to place on advertiser influence? The over-

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whelming consensus at editors' and publisher's meetings across the country is that the "wall" between advertising and editorial has been replaced by a line. "There is a difference," writes David Shaw, a reporter at the *Los Angeles Times*. "A wall is impregnable—a line can be breached much more easily, moved so gradually that no one knows it has actually been moved until it's too late."

Recent evidence indicates that readers have noticed changes and that editors themselves are troubled. Last year the National Association of Newspaper Editors commissioned a massive three-year, million-dollar poll and research project entitled: "Why Has Newspaper Credibility Been Dropping?" The results are grim. Seventy-eight percent of the 3,000 readers polled "believe that powerful people or organizations can get stories they want into the paper, or keep stories out of the paper if they don't want them covered." Sixty percent of those polled believe newspapers allow advertisers' interests to influence news decisions.

How do reporters feel about it? "It's not that somebody comes up to you in the newsroom and says 'knock it off,'" says Mike Meyers, a veteran reporter at the *Minneapolis Star Tribune*. "It doesn't happen that way. The influences are more subtle. Editors have traditionally been insulated from the counting house. The difference in the '90s is that all editors have a double incentive system. Today they get paid handsomely to think of, and anticipate, what advertisers want."

Last March Meyers wrote a story explaining how Northwest Airlines' domination of its Minneapolis hub cost local consumers $75 million per year in higher prices on airline tickets. A great story, but a dangerous one in Minnesota. Knowing that the airline was the largest employer in the state, and one of the biggest advertisers in the paper, Meyers did not have to be told to be unusually careful. He faxed his data to airline executives and asked for a comment. Before they got back to him, or the article was even published, airline executives were on local radio releasing the figures and putting their own spin on them. "We were being so careful that we let them scoop us on our own exclusive," says Meyers. When the article appeared it was old news.

Since the middle '80s most newspapers in the country, including the best and the brightest, have been racing to reposition themselves as products to be made more palatable to readers and advertisers, based on audience testing and other well-established Harvard Business School techniques. This concept is known as Total Newsroom, in which editorial, advertising, circulation and promotion are all coordinated around the goal of marketing a product. Instead of worrying about whether this is a good story, editors ask whether the proposed story will connect with the reader's life style. Like politicians, many major papers run nightly tracking polls so they can give readers what they say they want. But for many reporters, such techniques violate the ethic of honesty that has made Americans trust their newspapers. "We should act like professionals," says Meyers. "You would be an idiot if you went to a doctor who only told you what you wanted to hear. Reporters have to tell readers what they need to hear."

The battle is being fought out most visibly in southern California, where news is often literally treated as a product to be marketed like any other. Twenty-two months ago Mark Willes, a former General Mills (Wheaties, Cheerios, Lucky Charms) marketing executive, caused an industry firestorm when he took over the publisher's seat at the *Los Angeles Times*. He declared that he would "use a bazooka, if necessary, to blow up the wall" between business and editorial.

But Willes was merely responding to the ruthless competition from suburban shoppers and papers like the *Orange Country Register*, which had increased its circulation 56 percent in the ten years from 1981 to 1991, bucking nationwide trends. It was outselling the *Times* by two to one in Orange County.

Former *Register* editor Chris Anderson explains how he did it: "We did extensive polling. Readers told us they only wanted to know things that applied to themselves." he said. "They wanted to know how to save time and money." Feeling pressure from the shoppers, Anderson made their turf his own. He assigned reporters to cover shopping malls, pets, traffic, autos, baby-sitting, hobbies, families, teens, personal relationships, traffic, and culture. Anderson, now *Register* publisher, is the new president of the American Society of Newspaper Editors. Anderson is careful to emphasize that his approach was geared to satisfying the needs of readers based on what they said they wanted. Willes carried this one step further at the *Los Angeles Times* when he ordered editors to think about the needs of advertisers.

But it's a short step from thinking about the needs of advertisers to giving them what they want.

Consider the following examples:

* A seemly innocuous article Headlined "A Car Buyer's Guide to Sanity" in the *San Jose Mercury News* in 1995 drew a four-month boycott which nearly destroyed the paper. The piece counseled buyers on how to negotiate lower prices. Car dealers became furious as their tricks and scams were exposed to customers. The dealers went to a hotel room and agreed

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to stop advertising. The paper lost more than a million dollars. The publisher got desperate as his automotive section shrank from 24 pages to 12. Publisher Jay Harris had a meeting with the car dealers and even sent a public letter of apology, but to no avail. He then ran a full page ad, "Ten Reasons Why You Should Buy or Lease Your Next New Car from a Factory-Authorized Dealer." The FTC got involved and found that the boycott was illegal. Eventually the car dealers agreed to sign a "Cease and Desist" order with the FTC and decided to resume advertising. But the lesson had been taught to Harris and every newspaper publisher in the country.

* California publisher John Armstrong endured two boycotts from dealers while he was publisher of the *Times Advocate* in North San Diego. Armstrong still smarts over the time he reprinted a list of real dealer car costs that first appeared in *USA Today*. The resulting brouhaha cost the paper $100,000 in lost advertising. "We were wrong to publish the list," he now says.

* While working for the *Detroit Lakes Tribune* a few years ago, reporter Pete Kotz got a memo that his parent company distributed to their string of newspapers and television and radio properties. It was a ban on consumer stories about car buying. The company's flagship paper in Fargo, North Dakota, had run such an article and auto dealers had boycotted the paper for a year.

This kind of story is the third rail of publishing: Touch it and you die. Every publisher and editor I talked to had his own story about car dealer boycotts. A survey by *Consumer Reports* in 1992 found that one-third of the journalists questioned admitted that they had stopped running stories about cars and car buying because of friction, or anticipated friction, from dealers.

Real Estate agents and developers have a similar clout. In 1997, an editor at the *Minneapolis Star Tribune* stopped the presses to change a headline that read: "Money Maker or Money Pit" over an article which asked whether home buying is always a good financial investment. The real estate advertisers had objected, and classified ads were a big part of the revenue stream. The Newspaper Guild filed a protest over the incident, and suggested future guidelines that might be followed, which the paper quickly rejected. Half the real-estate editors polled by the *Washington Journalism Review* in 1991 said they could not criticize developers for fear of jeopardizing advertising.

Airlines are also among the major advertisers who have caused problems at newspapers, as Mike Meyers' experience with Northwest Airlines in Minneapolis shows. It is difficult if not impossible for reporters to write about monopoly airline domination in such hub cities as Minneapolis (Northwest), Houston (Continental), Dallas (American), Atlanta (Delta) or Phoenix (America West). Three years ago reporter Ed Foster broke a series of stories in the *Arizona Gazette* about serious maintenance problems discovered by the FAA at America West Airlines. The stories provoked a letter from AW chairman William A. Franke, who charged that Foster was "biased or didn't understand the issues." Franke went on to mention the million-dollar a year advertising budget, according to the *Phoenix New Times*. After the paper was merged into another newspaper, Foster was laid off. (The reason given was staff consolidation.)

Puffing for Profit

In the travel and entertainment sections advertisers are even more likely to get what they want. We've all read our share of puff pieces about how fabulously the author was feted at that special hotel in Bora Bora or by the flight attendants whose airline just happens to be mentioned on the second paragraph. But we rarely hear about how editors scurry to please advertisers behind the scenes. A few years ago after television star Kathy Lee Gifford got some bad press for sponsoring clothes made by child labor in Asia, a reporter at a major New York City newspaper started to do a follow-up by focusing on exploitative conditions on the Carnival Cruise ships Ms. Gifford was promoting on television. "KATHY LEE'S FLOATING CARNIVAL SWEATSHOP," the tabloid head would have screamed. "But unfortunately the travel editor got wind of the story in the making and nixed it because it would have cost the paper a pretty penny in cruise ship advertising," explained the reporter, who begged to remain anonymous.

The cruise lines got their way with another story published four years ago when Laura Bly, a United Press Syndicate writer, chronicled the terror of passengers trapped on Caribbean cruises during hurricanes. The wire story was picked up by the *Contra Costa Times* in Walnut Creek, California, which decided to publish it in the travel section, but no sooner did the first few copies roll off the presses than somebody noticed that it might not go down so well with the advertisers. The presses were stopped, and another story inserted. Editor John Armstrong told me, "It's not the kind of story I would want to see in the travel section."

Music store chains have been more brazen in using their influence with papers. In the early '90s the *Metro Times* of Detroit uncovered strong-arm tactics used by these chains against retail shops selling used,

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cheaper CDs. But after getting boycott threats from record companies the publisher told the reporters that he couldn't afford the lost income, according to Pete Kotz, a reporter who worked there at the time. More than half the paper's revenue came from entertainment ads.

The published examples are plentiful enough and very easy to dig up. Just ask any reporter or editor. But for every printed story that draws advertiser ire, there are thousands that never see the light of day. Reporters learn the dominant values by osmosis. The publisher hears something from the owner. The editor overhears the publisher and passes on the gospel to reporters with verbal and non-verbal signs. Self-censorship steps in.

Sometimes editors actually curry favor with advertisers through fuller or more favorable coverage. Last year the *Albany Times Union* devoted most of its front page to fawning coverage of new Delta Airline service in town. *The Chicago Sun Times*, in a story reporting increased sales after the Versace murder, mentions the major department store advertisers but leaves out non-advertisers like Neiman Marcus. Executive Editor Larry Green publicly admits that the paper favors advertisers in its news stories. "We have to take care of our customers," he says.

Another example of taking care of customers is a story in the "Driving" section of the *Cleveland Plain Dealer* last June 27. The front page is devoted to buying "The First Car" and appropriately features a piece on crash-test results, pointing out that the Ford Taurus and the Chevrolet Lumina have a good rating from the Insurance Institute. The article does not mention that the Chevrolet Cavalier gets a "poor" rating from the same Insurance Institute. On the next page the Cavalier is prominently displayed as a Special of the Week in a half page ad.

Selling the Future

In the last few weeks I talked to dozens of editors and publishers across the country. They all grew up with the ideals and myths of the profession: that pursuit and publication of the truth was the highest value, and that if you worked hard enough, the truth could even bring down a president. This passion for truth was in the air they breathed as young men in the '60s and '70s.

But at some point in their lives, these 40- and 50-year old men and women had also learned some other truths: That their papers were owned by far-off chains, controlled by California pension funds and invested with a very specific quarterly profit agenda. That if these returns were not forthcoming, they would be replaced. There is a lot of mobility in the newspaper business. It doesn't pay to bite the hand that feeds you. They learned to steer clear of any controversy that might quickly cost their papers $100,000 or even a million dollars in lost advertising.

In many cases, these editors would insist that they're simply giving readers what they want. But that is precisely the problem. What is it that readers really want from their newspapers? The surveys are contradictory; the answers seem to depend on how you ask the questions. Readers want help with their shopping, but they also want hard-hitting investigative stories. They want their sacred cows poked and gored. They want the hidden agendas of the rich and powerful exposed. Yet editors too often pay more attention to the clamor for product-oriented coverage, and in so doing, they undermine their own credibility. "In order to combat the shoppers, we have become a shopper," said Mike Meyers. "We are giving away the franchise. It is the dumbest strategy."

And he may be right—selling out to advertisers could be the road to financial ruin. *The Los Angeles Times* did not make the kinds of inroads against the *Orange County Register* that Mark Willes was counting on. The latest figures from the Audit Bureau of Circulation show that the *Register*'s penetration is the highest it has ever been. Meanwhile, the *Times* has lost 10,000 home delivery subscriptions in Orange County since last year. Mark Willes was replaced as publisher in June to concentrate on his CEO duties. Operating profits slipped 15 percent in 1998 from the previous year and circulation growth was flat. Veteran reporters and other employees have left in droves.

Newspapers operate under a curious protocol. The currency they bring to the table is their objectivity, openness, and fairness. This is what makes them valuable as a business. This is what attracts readers and causes advertisers to support them. If readers come to believe that newspapers are not telling the truth, circulation drops and advertisers won't advertise. The myths and idealism of the profession, however imperfectly practiced in the past, are vital to the profession's financial success. By publicly renouncing these myths with his well-publicized plans to smash down the "wall" between advertising and editorial, Mark Willes may have sabotaged his own plans. As American Society of Newspaper Editors President Edward Seaton said earlier this year: "Without ethics there is no quality. Without quality there is no credibility. Without credibility there is no future." ●

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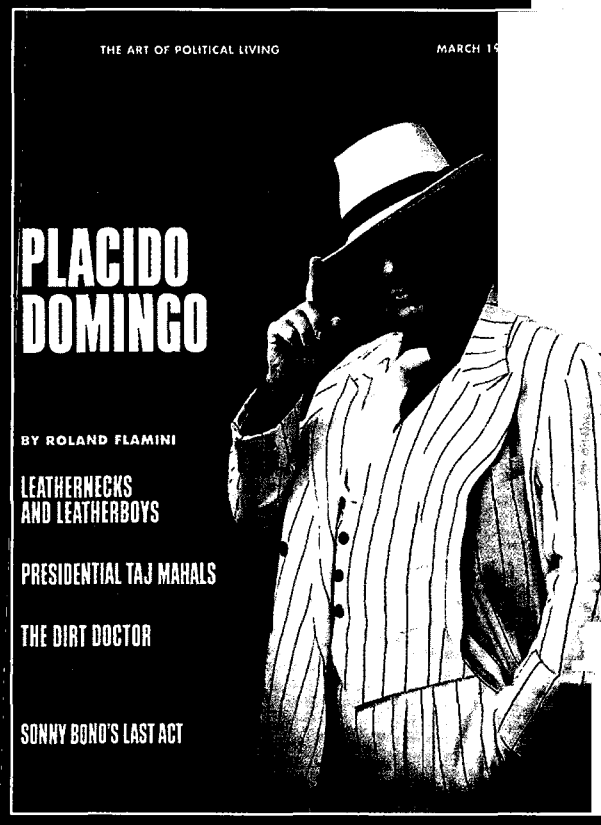

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On Political Books

First Lady of the New Deal

How Eleanor Roosevelt discovered herself through politics

By Suzannah Lessard

ELEANOR ROOSEVELT: Vol. 2
By Blanche Wiesen Cook
Viking, $34.95

IN THE FIRST VOLUME OF WHAT will be at least a three-volume biography of Eleanor Roosevelt, Blanche Wiesen Cook laid out the childhood of this remarkable woman, a painful one of abandonment by death and alcoholism in the midst of a famously complicated and un-nurturing clan. The political woman, the woman determined to be useful to others in the world, emerged in that story. But it was primarily a tale of struggle for emotional survival, first from the wounds of childhood and later from her husband's infidelity with Lucy Mercer. With that discovery, her life crashed, and, in a period of anorexia—she just couldn't keep food down—and depression, she sought ways to restore her never-sturdy sense of her own worth.

In this period of devastation, Eleanor made many visits to the statue that Henry Adams had commissioned Augustus St. Gaudens to erect in memory of his wife Clover, whose suicide may have been related to her own husband's involvement with another woman. The statue is of a hooded anonymous figure familiarly known as Grief. Somehow this ambiguous memorial gave her the strength to commit herself to a life of emotional and even political independence from Franklin while remaining loyal to him, although her loyalty was often that of the opposition.

Ms. Cook's work is that of a disciplined scholar with a lucid style that carries her thoroughness lightly. She gives us what we need to form our own pictures and draw our own conclusions. Most people would conclude from the evidence in the first volume that Eleanor became engaged in a passionate and almost certainly physical relationship with Lorena Hickock, a newspaperwoman, right in the White House. This was independent indeed. After the Lucy Mercer discovery Eleanor was also in the company of feminists, some of whom lived together in life partnerships. This raises a thought I have not seen addressed—Ms. Cooke does not venture into such speculation: If Eleanor was by nature a lesbian, if that was where her happiness and her fulfillment lay, then is it not probably true that there would have been something missing in her marriage to Franklin? If this was the case, Franklin's affair with Lucy Mercer is not quite the betrayal that it might seem to be in another light. Complexities of this kind should warn us off making judgments about any marriage: it is almost impossible to see into longstanding life partnerships from the outside. But as there has been so much speculation about Eleanor and Franklin, and as the story has seemed to be simply one of faithful wife and straying husband, it seems worth raising this possibility.

If Eleanor was by nature a lesbian, then her devastation upon discovering Franklin's affair is also cast in a slightly different light. Given her history of early abandonment, there is no mystery about why a betrayal of trust such as this would flatten her. One does not need complicated theories of sexuality to explain it. However, the picture changes in a way that to me rings true to life if one considers the possibility that Eleanor had subordinated her nature to her marital obligations: that she had given up true happiness for herself in order to commit herself to her marriage, only to discover way down the road that Franklin had not made an equivalent commitment, or more to the point, that her venture had not been a success despite this sacrifice. That is a different kind of grief from what one would feel upon discovering betrayal, plain and simple. What's useful about this speculation is not the sensational aspect of it—that Eleanor Roosevelt was homosexual—but the way in which it accords both Franklin and Eleanor a fuller humanity than is possible when he is

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seen as a villain and she as the wronged good woman.

None of this is to suggest that Ms. Cook's biography harps upon ER's sexual orientation. In fact, this volume, which covers the years 1933 to 1938, is primarily an account of the extraordinary political activities in which Eleanor became more and more exclusively involved as her confidence in her convictions grew and as she learned that her position gave her the opportunity to improve the lives of millions of people. There were many fronts on which she battled, but among the most startling is racism. With Franklin dependent on Southern senators for re-election, and therefore unwilling to back even an anti-lynching bill, Eleanor fought the deep racist element in the New Deal as originally conceived, and fought it in every other form that she encountered it. Her pain and bewilderment at her husband's inaction, especially where the anti-lynching bill was concerned—she would have to come back empty-handed to leaders of the black movement with whom she had become close friends—is wrenching. It's an indication of what she was up against that she was mercilessly castigated for even the smallest gestures, such as inviting little girls who happened to be black to the White House for an ice cream party.

If Eleanor was by nature a lesbian, if that was where her happiness and her fulfillment lay, then is it not probably true that there would have been something missing in her marriage to Franklin?

We also see her failing to confront the treatment of Jews in Germany, a particularly painful aspect of her career to contemplate, as the evidence shows that she was not free of the unself-conscious anti-Semitism of the old American upper class. However, what paralyzed her with respect to Germany was not a lack of feeling for the Jews, nor forceful instructions from her husband to remain silent on the matter, nor even the belief that it was not appropriate for us to interfere in the internal affairs of another country, though she did state that as her reason. The true underlying reason was her understanding of the grotesque criminality of the treatment of black people in this country. It was this that silenced her, undercutting all moral authority where Germany was concerned. Still, a lingering uneasiness remains in the reader's mind, because of the standard she herself has set. She seems somehow not to have grasped the reality of what was happening in Germany.

ER's political activism was ceaseless and encompassed many issues. In this volume we see her grow beyond many of her friends, even the community of independent women who had given her so much strength in the years after her emotional separation from Franklin. There was a kind of easy, automatic snobbery that became impossible for her to tolerate, and her outspoken opinions, especially on race, also became more than some of her friends could stand. In this volume we see Eleanor breaking out of the cage of class and coming to know firsthand how ordinary Americans lived, always recognizing her common humanity with them.

Lorena Hickock, known as Hick, clearly the most important person in Eleanor's life for an extended period, played a role in this transformation in that she came from an ordinary background and, as a newspaperwoman, was well acquainted with life at the grassroots. Ms. Cook traces the evolution of their relationship, a leitmotif threaded throughout this tale of heroic political engagement.

But Eleanor grew beyond Hick too. A landmark moment in ER's gradual withdrawal was when Hick expressed the opinion, held by so many in New Deal circles, that scarce resources should not be squandered on black people because they knew how to get along on nothing anyway; that the help should go to whites. There was less and less time for Hick, and those rare dates they made were spent with other people along, or canceled at the last moment because of family obligations. A weekend in which Eleanor spent most of the time on the phone or working was a sad coda.

As for Eleanor, the process that dissolves her relationship with Hick does not seem to be only a matter of growing beyond her lover and friend. It's likely that the relationship with Hick was doomed in the long run, but there was no replacement, and what one also sees is Eleanor finally turning herself over almost completely to her political work, as if giving up on other dimensions of life. The situation seemed to require it: she had the power to effect change for good, and she was well suited to the endeavor. In fact she was a dynamo where political work was concerned. But the tapestry that Ms. Cook creates here is of such a richness and density that one can also see a woman letting go of the pursuit of personal happiness, to which she had brought as great a valiance as she brought to political action but at which she had been far less successful. One sees the deficits of her childhood catching up with her here: Then too, she did not live in a world that tolerated the kind of open relationship in which, it seems likely, she would have found peace and comfort. It appears that as she let go of that hope, an increasing

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energy surged into her political endeavors.

Every life is hemmed in by limitations: The challenge is how to cope with them, how to draw energy from them, as well as how to overcome them. In that struggle Eleanor Roosevelt achieved a kind of greatness that is detailed here in all its human paradox. It's a life that rewards the kind of total commitment of attention that Ms. Cook brings to it. This is not hagiography: we have a full human being here, capable of huge rage, of tremendous coldness and insensitivity, fallible and painfully vulnerable. It's the fullness of the portrait that makes it so dazzling in the end.

The Washington Monthly Journalism Award

JUNE 1999

SANDRA G. BOODMAN

"What Can You Find Out About Your Doctor?"

The Washington Post

The good news is that more and more physician profiles are being put online for consumers to review. The bad news is that these profiles contain little more information than a name, address, and specialty. The most pertinent facts—records of malpractice payments and disciplinary actions—are hidden from view. In her investigative piece, Sandra Boodman asks how the American Medical Association's decision to keep malpractice information confidential affects the average consumer. The current system doesn't help patients find good doctors, Boodman's research reveals. If anything, the opposite is true.

JULY 1999

MATTHEW MILLER

"A Bold Experiment to Fix City Schools"

The Atlantic Monthly

Only 0.5 percent of the nation's school children use vouchers (which allow low-income students to attend private and parochial schools at the government's expense). But the argument over vouchers is fiery. Conservatives hail them as a cure for our educational ills. Liberals counter-charge that vouchers could destroy our public schools. In his thorough and comprehensive piece, Matt Miller proposes a compromise: A large-scale trial voucher system in a number of big cities, combined with an increase in per-student spending in the same sinking urban schools. It's a plan that could appease both the Left and the Right, and improve our public education system.

DOUGLAS FRANTZ

"Plenty of Dirty Jobs in Politics and a New Breed of Diggers."

The New York Times

With political campaigns going negative as a matter of course, politicians have begun hiring private investigators to discredit critics and dispose of opponents. As Douglas Frantz reports in his well-documented piece, these investigators range from former CIA and FBI employees to ex-journalists. Their clients include prominent public figures like Sen. Edward Kennedy and House Judiciary Committee chairman Henry Hyde. Frantz explores the ethical ramifications of this trend, pointing out that investigators' tactics can push the limits of privacy, slander, and common decency. In more than one case, their tactics have not only cost politicians an election, they have also resulted in untrue allegations that irreparably damaged unblemished reputations.

THE MONTHLY JOURNALISM AWARD is presented each month to one or more newspaper, magazine, radio, or television stories (or series of stories) that demonstrate a commitment to the public interest. We are particularly interested in reporting that explains the successes and failures of government agencies at all levels and of other institutions such as the media, corporations, unions, and foundations that contribute to the existence or solution of public problems. Please send nominations (including two copies of the article or broadcast text) to The Washington Monthly Journalism Award, 1611 Connecticut Ave. NW, Washington, DC 20009. Or e-mail us at **editors@washingtonmonthly.com**. Nominations for stories run in August are due September 1.

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Tidbits & Outrages

If only they knew about the candy bar he stole when he was eight

Gregory Taylor of Los Angeles was sentenced to 25 years in prison under California's "three strikes" provisions when he was caught, according to police, "trying to go in the (church) kitchen to get something to eat." His previous offenses were purse snatching and attempted robbery without a weapon. The last was 14 years ago.

The price wasn't right

A Fox television affiliate in Tennessee has retracted an offer to local businesses to produce three "positive" news stories about them in exchange for $15,000.

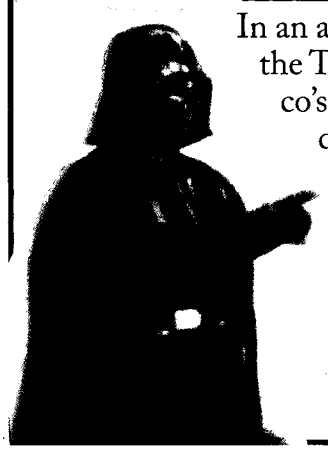
You should have read my lips

Republican Tillie Fowler was elected from Jacksonville, Fla., in 1992 under the slogan "Eight (years) Is Enough." Fowler said in December 1998 that she might run in the year 2000 anyway, because "my problem was, I was too honest (when I made the pledge)."

Zoe Baird is available for an author tour

A new book, "Household Spanish: How to Communicate With Your Spanish Employees," includes such Spanish phrases as "Don't pour grease down the garbage disposal," "How long are you planning to stay in the USA?" and, "You're fired" ("Usta esta despedido").

"Luke, I am thy Father, the Son, and the Holy Ghost"



In an article entitled "Reactions to the Theology of Star Wars," Mexico's Roman Catholic Church denounced the latest "Star Wars" movie, taking issue, among other things, with the movie's virgin birth, and Jedi knight Qui-Gon Jinn's clothing, which closely resembles that of a Franciscan monk.

Spirit of Woodstock—'99

Responding to a request to recognize August 8 as "National Admit You're Happy Day," New York Gov. George Pataki wrote: "We have no official position on happiness. We're going to wait and see what the federal government and other governors do." Oklahoma Gov. Frank Keating's office replied that "We'll need to check with our attorneys."

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Political Booknotes

First at the Times

By Emily Yoffe

CHARLOTTE CURTIS WAS BOTH the first woman on the masthead of *The New York Times* and one of the last women to always be the only woman in the room in the world of big-time journalism. Although she covered some of the same territory as Tom Wolfe—he coined the phrase "Radical Chic" to describe the party Leonard Bernstein had for the Black Panthers about which both he and Curtis wrote celebrated stories—she has fallen into obscurity only 12 years after her death. But at the height of her career she was one of those rare print journalists who are as famous as the famous people she profiled. When she became op-ed page editor of the *Times* she was regularly cited as one of the most influential women in America.

A WOMAN OF THE TIMES
by Marilyn Greenwald
Ohio University Press, $26.95

In this biography, subtitled *Journalism, Feminism, and the Career of Charlotte Curtis*, author Marilyn Greenwald attempts to put Curtis' life into a larger context. Through Curtis she wants to explore how women break into formerly male institutions, and how they change them once they get there. Even 25 years after a landmark sex discrimination suit was filed at the *Times*, those issues are still unsettled. Now-departing *Times* metro editor Joyce Purnick gave a speech early in her brief tenure regretting that she had never had children, but asserting she also would have never achieved such an exalted position—and questioning whether she would have deserved to—if she had tried to fit her career around her children's needs, as do so many of her women colleagues. Purnick was shocked by the furor that resulted.

Greenwald is looking at the right questions, and in Curtis, she has found a subject who had a compelling life. Yet this biography is frustrating, despite the obvious diligence and enormous hard work that went into it. One of the best parts of the book is the portrait of the early life of Curtis' mother, Lucile, who was a suffragist and the first woman foreign service officer. But the book suffers from the mismatch between author and subject. Where Curtis was caustic and sharp-witted, Greenwald is plodding and dull. There are many dramatic points in Curtis' life—in 1953, at age 25, this Vassar graduate divorced her proper, priggish husband to devote herself to the newspaper job she loved better; shortly before she was promoted to editorship of the op-ed page, she was diagnosed with breast cancer and told, incorrectly, that she would probably be dead in five years—but Greenwald is unable to dramatize them. We are given lots of facts about Curtis' life, but little sense of what it felt like to live those facts. We never even find out if Curtis was childless happily, or like Purnick, with regret. Although, in Greenwald's defense, Curtis disliked revealing herself and had few confidantes.

Curtis was born to a prominent, socially active Ohio family, and after Vassar she returned to become a reporter and editor at the *Columbus Citizen*. She dreamed of becoming a foreign correspondent, but as a female reporter her work was largely relegated to the women's pages. This limitation was an ironic blessing. Because she was writing on "trivial" subjects and not real news, she was able to hone her sly, surgical style. Her speciality there, and for the rest of her career, was skewering the prominent and pretentious. After a decade at the *Citizen* she followed a married colleague, with whom she was having a long affair, to New York. Again, though she longed for a job on the *Times* 3rd floor newsroom, she took a job on the 9th floor women's section, as a home furnishings writer.

Again this setback turned out to be a lucky break. The section was presided over by a wonderfully eccentric editor who allowed her reporters freedoms that never would have been given to serious male reporters. Soon Curtis was writing the same kind of caustic social coverage as she had in Ohio, but because she was covering New York, not Columbus, she became an almost immediate sensation. Here she is on the much-awaited marriage of George Plimpton: "Mr. Plimpton was married last night, not to Mrs. John F. Kennedy, Queen Elizabeth II, Jean Seberg, Ava Gardner, Jane Fonda, Princess Stanislas Radziwill, or Candy Bergen, all of whom he escorted at one time or another, but to Freddy Medora Espy, a wisp of a photographer's assistant whom he met at a party in 1963." Unfortunately, Greenwald is fervently frugal with her use of quotations from Curtis' work. The book is starved for a fuller use of her voice.

Curtis was smart, ambitious and tough; she was also tiny, attractive, perfectly groomed and well-mannered. This combination gave her an almost geisha-like appeal to some powerful male editors, who nurtured her career. One thing Greenwald never directly addresses is why Curtis didn't seek to break away from Society coverage when feminism was making it possible for women to get out of their reportorial ghettos. Curtis had an uneasy, often adversarial relationship with the feminist movement that sprung up as she was making her professional ascent. She preferred the company of men—at her memorial service, which she meticulously planned, seven of the nine speakers were men. And despite being relegated to the women's pages, she also believed her sex had not held back her career. In a way she was right—she was the one woman who was eventually allowed into the inner sanctum, thus proving to the men there that they weren't the sexists they were accused of being.

By the time the *Times*' sex discrimination suit was filed, Curtis was a manager and claimed she couldn't join the suit. But Greenwald makes

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clear she never would have anyway. Curtis told the disgruntled women that she, as a woman who had made it, could do more for their cause by subtly trying to educate the men at the top. Her attitude caused an unhealable breach with many of her female colleagues, some of whom believed Curtis became op-ed editor in part as a reward for not signing onto the suit. Late in her life, when she was reassigned from the op-ed page and not given the sort of prominent sinecure that men in her position were given, she began to question her judgments.

Greenwald, an Ohio journalist herself, is much more comfortable when the story is set there. She only generally characterizes Curtis' eight years as op-ed editor. Here Curtis does seem to be a victim of sexism—whatever she did wasn't quite right. Her mentor and predecessor Harrison Salisbury says he was disappointed that she was not a bolder editor. But it also seems that the top editors were often disapproving of her attempts to bring wit and lightness to the page. Though he is grudging with his compliments, former Executive Editor Max Frankel gives her credit for innovations which are now standard. She de-emphasized experts and officials, and the sense that the only things of importance were foreign affairs or policy debates. She brought to the page the voices and stories of ordinary people and felt the page could in part be a forum on how people lived.

After she left the op-ed page editorship she was not given her own op-ed column, but instead a column that appeared in the news section in which she was forbidden to write about politics. She never recaptured there the voice that had so dazzled New York, although presciently, she developed a strong interest in writing about entrepreneurs and business leaders. Some critics and friends thought that instead of standing apart from the important people she wrote about, she had now become one of them. As frustrating as the end of her career may have been, she had found personal happiness with a late-in-life marriage to an Ohio surgeon. Although she outlived her doctors' predictions, she died at age 58 of recurrent breast cancer.

For all its faults, Greenwald's book does look at a crucial time for women through one fascinating life. I hope it inspires more biographers to rescue the lives of other fascinating, forgotten women.

EMILY YOFFE *is a contributor for* Slate.

Internet Crisis?

By Joseph Nocera

"DUMB LENDING IS USUALLY AT the heart of any financial crisis," writes Charles R. Morris towards the end of this mercifully short, surprisingly engaging review of financial crises down through the ages. His specific reference is to one of the most recent financial crises—the near collapse last summer of giant hedge fund Long Term Capital Management, the blame for which he correctly lays as much on the firm's imprudent lenders as on the principals themselves. But his larger point is this: When it comes to big-time financial crises, there's really nothing new under the sun. We only think there is.

MONEY, GREED, AND RISK
by Charles R. Morris
Times Books, $25

Morris is one of the more original thinkers around. Of his eight previous books, several—including *The Cost of Good Intentions*, a meditation on unintended consequences, and *Computer Wars*, a look at the forces that brought IBM low some years ago—are considered minor classics. *Money, Greed and Risk* is not in the same league as those books, but it has its share of rewards for the patient reader.

Though the book starts slowly, with an excessively detailed look at the financial machinations of the Robber Baron Age, it becomes increasingly illuminating after Morris jumps to the modern age of finance and begins tackling such topics as Michael Milken, the S&L crisis, the leveraged buy-out craze of the 1980s, and last year's Asian currency crisis. Gradually, guided by the author's sure hand, one begins to see the pattern, what he calls "the recurring cycle of financial innovation." Here's how he describes it:

"Technological, demographic, or industrial change creates an essentially new financial demand. After a few false starts, some new invention ... brilliantly meets the challenge. An exuberant development period follows, as more and more firms pile in to take advantage of the sudden opportunity. Exuberance quickly becomes gross excess, precipitating a crisis. The subsequent crash burns off the excess, buyers and sellers adjust their expectations, regulators update their rules and alarm systems, and yesterday's brilliant innovation becomes just another of the industry's workaday departments."

As Morris shows, this is the pattern that allowed for the rise of both the railroads and the steel industry back when J.P. Morgan and Jay Gould were the great financiers of the age. Gould, for instance, devised railroad debt instruments that were snapped up by European investors. Eventually, the whole thing got out of hand, as more and more instruments were issued—and bought—until finally it was clear that there was no way they could be repaid through the railroads' cash flow. At which point, the investors made a wild stampede for the exits, the whole structure collapsed, and the American economy suffered—much like the modern Asian economies have suffered—as capital was withdrawn from the system. Still and all, the railroads got built, and debt instruments became a common form of American finance.

How different is that, really, from the modern crises involving junk bonds and LBOs? Not very, it turns out. While Milken has long been given credit for inventing junk bonds, Morris points out that his "high yield" debt instruments weren't all that different from Gould's railroad bonds. Each was backed by future cash flow rather than hard assets, and each paid investors a high rate of return because of the higher risk that entailed. What's more, Milken's junk bonds—like Gould's railroad bonds—served a worthy purpose, providing capital for the thousands of companies that did not have access to the bond market, which was then reserved for the biggest and most prestigous of Amer-

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ican corporations.

And what happened then? Other firms raced to set up their own junk bond departments. Investors raced to buy them up. As junk bonds became increasingly prevalent, they were used to underwrite LBOs and hostile takeovers. Standards were lowered, cash flow projections became ever more pie-in-the-sky—and sure enough, the whole thing finally blew up into a full-fledged crisis, as one company after another could not back the debt ("dumb lending etc, etc."), and wound up in bankruptcy.

But then the other part of Morris's formula kicked in. Regulators moved in, forcing better disclosure, the system cleaned itself up, and because junk bonds really were a useful innovation, the market for those bonds eventually bounced back. Today, "high yield" bonds are an extremely common form of financing—so much so that they've become pretty boring as a financial instrument. The Wall Street smart guys have moved onto more exotic instruments.

One question this continuing pattern raises is whether financial crises are avoidable. The answer would seem to be "yes"—after all, when you've seen this pattern enough times, you ought to be able to predict how it's all going to play out, and stop it before it gets out of hand. But Morris implies the opposite: that no matter how many times they've happened before, financial crises will inevitably keep breaking out. Partly that's because the smart guys always think that this time, with this new financial instrument, it'll be different. They scoff at the doomsayers who predict it will all end badly—and then when it does end badly, they're shocked. Although Morris doesn't put it this way, human nature is the real reason that financial crises will alway be with us.

Perhaps more dismaying, Morris believes that there is little financial regulators can do to get in front of a financial crisis. "That regulators should be always in the position of sweeping up broken glass after the event is hardly surprising, given the cycle of innovation and crisis," he writes towards the end of the book. The system, he adds, is responding "spontaneously to new demographic, economic or technological developments"—and there's simply no way regulators can keep pace. Only when things go awry can the regulators—and everyone else, for that matter—see clearly what needs to be fixed.

Morris does, however, have one tongue-in-cheek suggestion that might allow regulators to get ahead of the game. "Regulators should ask the dozen or so top financial services firms to fill out a simple questionnaire at the end of each year that shows what their most recent crop of top business school hires are working on," he writes. After all, the hot new talent tends to gravitate to the hot new financial instruments or area—and that's where the next crisis is likely to occur.

And what is that area right now? From where I'm sitting, it looks like financing for Internet startups is the hottest of the hot areas.

Don't say you weren't warned.

JOSEPH NOCERA *is an editor-at-large at* Fortune *magazine.*

Easy Pickings

By Walter Pincus

ONE REASON TO READ SPY *Hunter*, former FBI Agent Robert W. Hunter's story about his lead role in the investigation and conviction of John Walker, the one-time U.S. Navy communications expert, is to get the feel of a real espionage case. I suggest this as background to dealing with today's still-unproven allegations of Chinese espionage of so-called U.S. nuclear secrets, developed into a major spy story by Republicans in Congress and a part of the media, led by *The New York Times.*

SPY HUNTER
by Robert W. Hunter
Naval Institute Press, $27.95

Walker began his espionage in 1968, his 13th year in the Navy, and continued turning over top secret documents he personally stole for eight of his 20 years in the Navy. And for 10 years after he retired, Walker continued to provide those documents taken by the Navy-based spy network he recruited—his son, brother and a friend. Overall, Walker was responsible for delivering to the Soviets some 1,500 classified documents, including those in the highest communications category, until he was caught in 1985.

He was only caught because his ex-wife turned him in, not for patriotic reasons but rather in the hopes that her action would get her help in aiding their daughter to gain custody of her child, who was living with his father. In the end, she did.

The details of his case are fairly well known, but they have an added piquancy given today's concern about the Chinese and the so-called "lax security" at the nation's nuclear weapons laboratories run by the Department of Energy. Talk about lax security, take a look at the Walker team's techniques and try to remember if anyone back in the late 1980s held congressional investigations calling for heads to roll in the Navy, the Pentagon or the National Security Council.

For example, Walker confessed he started spying while he was in need of money and after he and his Navy pals at the Norfolk Naval Station sat around talking about how much the Soviets would pay for the crypto code materials they all worked with every day. Several days later, during a midnight shift, Walker simply stole the secret key list, or code translating guide, for one communications system. He drove to Washington the next day, slipped into the Soviet Embassy, gave them the key list, and set up a deal to get paid several thousand dollars a month for continued deliveries. He never seemed to have trouble laying his hands on top secret documents and nobody seemed to miss them.

Were they important? "Walker put our entire Navy at risk and is believed to have caused the deaths of unknown numbers of our men in Vietnam," Hunter writes.

Today, the U.S. intelligence community cannot say if any of the so-called classified information the Chinese have shown they have has been incorporated into any of their nuclear weapons. Beijing has said it has neutron bomb capability but that type of weapon was first tested by the Soviets in the '60s and by the Chinese in 1988. Worse than the Rosenbergs? Please. Nonetheless, we

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have had nine different House and Senate committees on the case, a plan to restructure security and counterintelligence within the U.S. nuclear weapons complex, polygraphs for those with access to important nuclear secrets and reorganization of the whole operation inside the Energy Department.

An entirely different way to look at Hunter's telling of the Walker tale is to run it through the investigative reporter machine and pick out those things that didn't work and wonder why there was no follow-up or heads didn't roll. For example, when Walker's ex-wife first came in to the Boston Field Office and described her former husband as a spy, that information was not automatically passed on to Washington. In today's world, Republicans in Congress would immediately investigate foot-dragging and delays because the White House is trying to keep relations with the Russians on an even keel. Then there was approval for wiretaps. Although the Justice Department agreed to place one on John Walker based on his ex-wife's testimony, it refused to agree to put one on his brother Arthur's telephone, because there was no direct evidence about Arthur being a spy other than hearsay. Shades of the Justice Department and its refusal to get the FBI a warrant to put a wiretap on Los Alamos scientist Wen Ho Lee because the information about him was too slight.

Where was the media when they learned that Michael Walker stole classified documents? According to an affidavit published in the Hunter book, Michael Walker either took extra copies or photocopied secret Navy documents he received as the yeoman responsible for safeguarding all classified documents delivered to his squadron through registered mail. On the nuclear-powered aircraft carrier U.S.S. Nimitz, he not only processed radio messages but also handled destruction of classified documents no longer needed. He stole copies of these documents from open safes, cabinets and desks where he worked. If this were the Energy Department today, clearly the heads of his bosses would be on the block. But back 10 years ago, when the Cold War was on and the Walker information came out during the Reagan Administration's year of the spy, it's hard to think of anyone being fired for security reasons—or anyone on Capitol Hill caring that they weren't.

It's no surprise that no one back then seemed to care about nuclear secrets either—because that's when most of the current crop seem to have been delivered. Or maybe it's because what the Chinese got wasn't all that important, since much of it was being published by interest groups in technical treatises anyway.

The Hunter book has some interesting pieces of information, but they are mostly rewarding when compared to the fuss that is made over far less important information today. A final note: John Walker had both lovers and co-workers, including at least one who failed a polygraph, but none were ever charged. Hunter closes his discussion of them with the observation that some of them must have known, as his ex-wife did, that John was a spy. "It seems," Hunter concludes, "that so many of John's friends and relatives just didn't have the character to come forward and tell the truth."

WALTER PINCUS *is a reporter for* The Washington Post.

Before Bill Gates

By Steve Lohr

JOHN MAUCHLY WAS OBSESSED with weather prediction, not with computing. But his meteorological obsession led Mauchly, a distracted visionary, to conceive of the first general-purpose computer—the machine with a mouthful of a name, Electronic Numerical Integrator and Computer, but a snappy evocative acronym, Eniac.

His partner, the engineering ramrod for the Eniac project, John Presper Eckert, once explained that Mauchly's "goal was to forecast the weather, and it was only incidental that he found out there was just no computing machine that existed that would handle all this voluminous stuff."

This is but one of the intriguing details in Scott McCartney's book that constantly remind the reader how little has changed, in some ways, since the start of the computer age. The Internet, like the Eniac, was the result of government sponsorship and serendipitous invention. At every turn, we read stories in newspapers, magazines and books that assume we live in a unique period of technological innovation and round-the-clock work regimens. The Eniac team in the 1940s may have dressed differently, but their seven-days-a-week ways would have been familiar to the tattooed employees of any Internet start-up in Silicon Valley.

Like so many modern computer development efforts, the Eniac, designed for calculating ballistics trajectories in World War II, was late. It was ready to work in the fall of 1945, just as the war had ended. And weather prediction—Mauchly's motivation at the outset—remains one of the most ambitious chores in computing, requiring the most powerful super computers.

McCartney, a reporter for *The Wall Street Journal*, has written a little gem of a book, a resonant work of technological history strengthened by ample helpings of fresh research. And it is a refreshing change at a time when so many books on technology are hasty efforts to chronicle the Internet gold rush and cash in on it.

The Eniac story has been told many times before. But McCartney deftly places the Eniac project into historical perspective, sketches out the principal characters, and makes the strongest argument yet that Eckert and Mauchly did indeed invent the world's first real computer. That is a conclusion that remains a subject of debate, but McCartney's book is an explanation of why he comes down firmly on the side of the Eniac and the two men behind it.

ENIAC:
The Triumphs and Tragedies of the World's First Computer
by Scott McCartney
Walker & Company, $23

McCartney traces the 300-year genealogy of the computer, dating back to an eight-digit calculator fashioned by a 19-year-old named Blaise Pascal in 1642, the year Galileo died. His Pascaline, McCartney writes, was before its time and proved "two axioms of computing history." The first, the author states, is that "the young will lead," adding that Pascal was "perhaps

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What is the TRUE State of the Union?

Though the Dow Jones Industrial Average continues to soar, did you know:

America has more children living in poverty than any other industrial nation.

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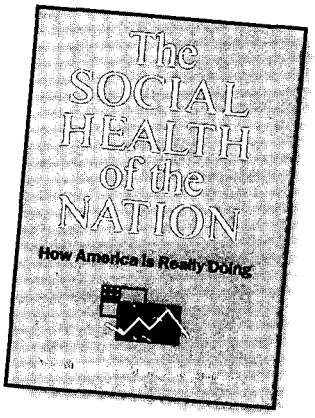

By Marc Miringoff and Marque-Luisa Miringoff

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the first teenage whiz kid in computer history." The second law of computing, McCartney asserts, is that "new technologies will catch on slowly unless there is a clear and urgent use for them."

The author's brief summation of the march of computing history includes Charles Babbage, the 19th-century astronomer and economist who sought to automate mathematics, just as the machines of the Industrial Age were converting factories to mass production; Herman Hollerith, an engineer at the Massachusetts Institute of Technology, who built a punch-card tabulator for the national census in 1890; and Vannevar Bush, also of M.I.T., who developed a machine for calculating differential equations in 1930.

Eckert and Mauchly are cast in *Eniac* as a complementary duo of contrasting personalities and strengths, a pattern of binary human teamwork that later proved so effective in the personal computer industry (e.g., Steve Jobs and Steve Wozniak at Apple Computer and Bill Gates and Paul Allen at Microsoft). Mauchly contributed the key concept of building a general-purpose computer that could be programmed for many tasks. And by McCartney's account, Mauchly was "a calming influence" and "a lovable intellectual who always kept his eye on the big picture."

Eckert, in contrast, was the can-do team leader with a fiery temper who, as one Eniac engineer observed, was "always pressing everything to the limit." Eckert possessed a laser-like attention to detail, which was necessary if the complex machine was to work reliably. He was very concerned, McCartney recounts in one example, that mice would gnaw on the wiring, causing malfunctions. So Eckert got some mice and starved them for a few days. Then, he put various kinds of wire in their cages. "The least appetizing brand was used in Eniac," McCartney notes dryly.

John von Neumann was a latecomer to the project, but he has often been given credit as the "father of the computer" because of a paper he wrote in June 1945. Communicating ideas can be as important as developing them, and von Neumann was a brilliant communicator. His 1945 paper, McCartney writes, "poetically equated the structure of the computer with the structure of the human brain."

The most original part of McCartney's book is his revisiting of a 1970s court case and the enduring and controversial assertion that an Iowa engineer, John V. Atanasoff, had the rightful claim to be called the inventor of the computer. The court case pitted Honeywell against Sperry Rand, which had purchased Eckert and Mauchly's company in 1950, but a key element in the case was the validity of the Eniac patent. Mauchly came off poorly as a witness, evasive and misleading about a visit he made to Atanasoff in Iowa in 1941. His witness-stand claim that Atanasoff's work was "irrelevant" to his own was undercut by laudatory letters he had written to Atanasoff 30 years earlier—a use of documentary evidence that was intriguingly reminiscent of the Justice Department's use of Microsoft's e-mail in its antitrust trial.

Still, McCartney is unconvinced. He first points out the basic differences in the two designs—the Eniac was general-purpose and programmable, while the Atanasoff machine was single-purpose and not programmable. And McCartney then uses recently uncovered records to contradict Atanasoff's assertion that he only came forward in the '70s to make his claim to invention because, after his early work, he had dropped out of computing and was unaware of how much the Eniac mimicked his design.

In the '40s Atanasoff was named to lead a computer-building program at the Naval Ordinance Laboratory and given a $300,000 budget. But his effort went nowhere and was quickly abandoned. And McCartney says that records at the Library of Congress and the Smithsonian Institution show that Atanasoff had "intimate access to Eniac, and he even hired von Neumann as a consultant to help with his computer-building program for the Navy."

On the evidence in his book, McCartney makes a convincing case for his conclusion: "Many played a role in the development of the computer, but Eckert and Mauchly were the ones who ultimately put it all together."

Steve Lohr *is a technology reporter for* The New York Times.

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The Old Lion

by Charles Lewis

After former House Ways and Means Committee chairman Dan Rostenkowski pled guilty to fraud on April 9, 1996 in federal court, he was treated for prostate cancer and sent off to prison in Illinois. The humiliated old lion refused to see any outside visitors, including his friends and family. At his request, his wife and four daughters did not visit him for over a year.

ROSTENKOWSKI:
The Pursuit of Power and the End of the Old Politics
by Richard E. Cohen
Ivan R. Dee, $27.50

One person Rostenkowski *did* agree to meet with repeatedly during his incarceration was Richard E. Cohen, a congressional reporter for the *National Journal*, who has authored two previous books about Congress and won the Everett McKinley Dirksen Award for distinguished reporting on Congress. Those conversations, as well as many with his former aides, have helped Cohen to produce an insightful, sympathetic biography about one of the most unsympathetic, colorful characters ever to wield a gavel on Capital Hill.

Rostenkowski is not a deep psychological study, nor is it an investigative exposé about specific abuses of power in Washington, nor is it particularly a tale about the intricacies of an important federal corruption case. It is, nonetheless, an important, revealing, anecdote-laden biography about one of the most compelling Washington political figures of our time, written by an enormously gifted journalist.

Rostenkowski's steady rise to power and his Greek-tragedy downfall also mirrors the fortune of the Democrats in the House. Author Cohen richly describes this broader context in which both the chairman and his party colleagues grew increasingly arrogant and out of touch over the years, until both came crashing down in 1994.

"Humility" was apparently never a word in Rostenkowski's vocabulary. The notorious Rostenkowski swagger surfaced early, during his high school years at St. John's Military Academy, a prep school outside Milwaukee. "His grades were average but his status was superstar," said one profile. "In his senior year, he was voted best athlete, most popular cadet, and runner-up as most conceited."

Politics clearly was in the genes. His Polish-American grandfather Peter was a delegate to the Democratic National Convention in 1912, and his father Joe was a tough Chicago alderman and ward leader for 24 years who helped Cook County Clerk Richard J. Daley get elected Mayor of Chicago. In 1952, 24-year-old Danny Rostenkowski entered the family business, winning a seat in the state House of Representatives. Two years later, he was elected state senator.

Springfield, Illinois was (and remains) notoriously corrupt. As the late Chicago columnist Mike Royko described it, "Every night was like New Year's Eve, the hotel bars echoing with laughter and song, the chomping of steaks, the happy giggles of the young typists, and the sound of the cash registers ringing up the lobbyists' money. There was little effort at pretense. Everybody knew the next man's appetites and his price." For example, a group of legislators held stock in racetracks, including Rostenkowski. In 1971, during the scandal in which Democratic Gov. Otto Kerner was convicted for granting favors to racing interests, the Chicago news media discovered that Rostenkowski had secretly bought $500 worth of racing stock at insider prices in 1957 and had received about $40,000 in dividends in the ensuing years. Rostenkowski initially lied, telling reporters he had sold the stock a decade earlier even though he still owned it. No charges were ever brought against him. Rostenkowski talked about this with Cohen and, typically, has no regret.

Despite stories like these, Cohen is very sympathetic to his subject. The author's final words about this convicted felon are, "His longevity, accomplishments, and symbolism in the nation's shifting landscape were unparalleled ... His work entitles him to the public's appreciation for his service. We won't see many more like him." Dan Rostenkowski could not have said it any better himself.

That's not to say it isn't necessarily true. But, to this reader at least, the most interesting dimension of this former baron of Washington power is also the most elusive. Somehow, his public persona as one of the few Washington insiders to be prosecuted successfully as a crook does not jibe well with his considerable, consensus-building talents as a skilled, national power broker. Perhaps this apparent contradiction is not so remarkable after all—many of our most competent leaders over time also have been unmitigated scoundrels, with significant personal character flaws. Rostenkowski was certainly not the last of the breed.

Charles Lewis *is director of the Center for Public Integrity.*

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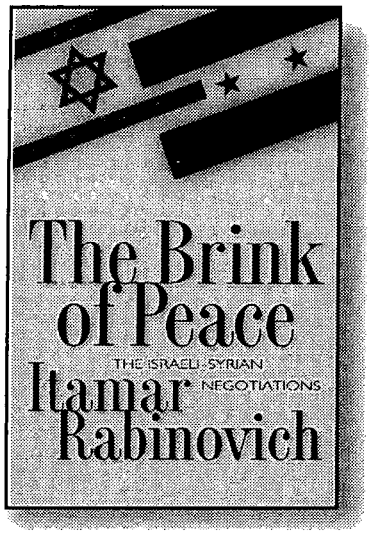

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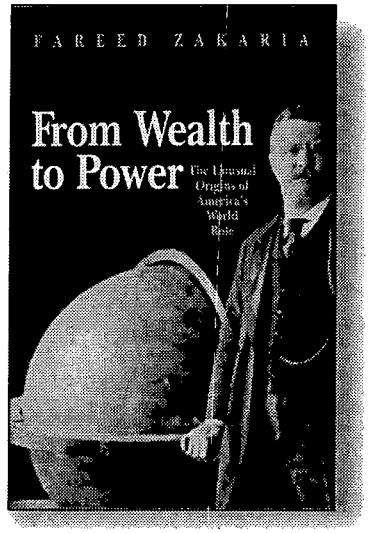

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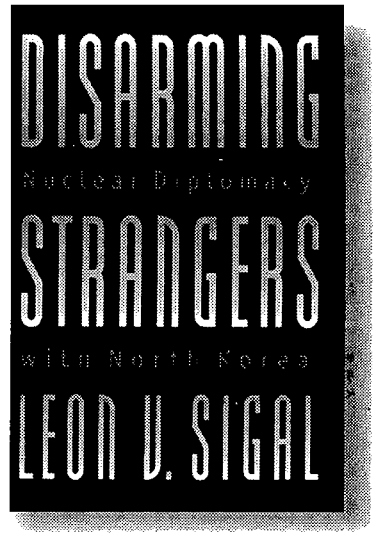

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